

As confidentially submitted to the Securities and Exchange Commission on April 12, 2021.  
 This draft registration statement has not been publicly filed with the  
 Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No. 333-

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

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

**Lyell Immunopharma, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
 (State or other jurisdiction of  
 incorporation or organization)

**2834**  
 (Primary Standard Industrial  
 Classification Code Number)

**83-1300510**  
 (I.R.S. Employer  
 Identification Number)

**Lyell Immunopharma, Inc.**  
**400 East Jamie Court, Suite 301**  
**South San Francisco, California 94080**  
**(650) 695-0677**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Elizabeth Homans**  
**Chief Executive Officer**  
**400 East Jamie Court, Suite 301**  
**South San Francisco, California 94080**  
**(650) 695-0677**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

**Dave Peinsipp**  
**Charles S. Kim**  
**Carlton Fleming**  
**Chadwick Mills**  
**Cooley LLP**  
**101 California Street, 5th Floor**  
**San Francisco, California 94111**  
**(415) 693-2000**

**Charles Newton**  
**Chief Financial Officer**  
**400 East Jamie Court, Suite 301**  
**South San Francisco, California 94080**  
**(650) 695-0677**

**Brian J. Cuneo**  
**B. Shayne Kennedy**  
**Latham & Watkins LLP**  
**140 Scott Drive**  
**Menlo Park, California 94025**  
**(650) 328-4600**

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

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

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

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

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

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

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

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

**CALCULATION OF REGISTRATION FEE**

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

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

(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

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

[Table of Contents](#)

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

Subject to Completion, Dated \_\_\_\_\_, 2021

shares



Common Stock

This is an initial public offering of shares of common stock of Lyell Immunopharma, Inc. We are offering \_\_\_\_\_ shares of our common stock.

Prior to this offering, there has been no public market for our common stock. We currently expect the initial public offering price will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share of common stock.

We intend to apply to list our common stock on the Nasdaq Global Market under the symbol "LYEL."

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

*Investing in our common stock involves a high degree of risk. See the section titled "Risk Factors" beginning on page 13.*

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

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

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

We have granted the underwriters an option for a period of 30 days to purchase up to an additional \_\_\_\_\_ shares of our common stock at the initial public offering price, less the underwriting discounts and commissions.

The underwriters expect to deliver the shares against payment in New York, New York on \_\_\_\_\_, 2021.

Goldman Sachs & Co. LLC

BofA Securities

J.P. Morgan

Morgan Stanley

Prospectus dated \_\_\_\_\_, 2021

## TABLE OF CONTENTS

	<b>Page</b>
<a href="#">Prospectus Summary</a>	1
<a href="#">Risk Factors</a>	13
<a href="#">Special Note Regarding Forward-looking Statements</a>	60
<a href="#">Market, Industry and Other Data</a>	62
<a href="#">Use of Proceeds</a>	63
<a href="#">Dividend Policy</a>	65
<a href="#">Capitalization</a>	66
<a href="#">Dilution</a>	69
<a href="#">Selected Consolidated Financial Data</a>	71
<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	73
<a href="#">Business</a>	92
<a href="#">Management</a>	166
<a href="#">Executive Compensation</a>	176
<a href="#">Certain Relationships and Related Person Transactions</a>	192
<a href="#">Principal Stockholders</a>	197
<a href="#">Description of Capital Stock</a>	200
<a href="#">Shares Eligible for Future Sale</a>	205
<a href="#">Certain Material U.S. Federal Income Tax Consequences to Non-U.S. Holders</a>	208
<a href="#">Underwriting</a>	213
<a href="#">Legal Matters</a>	220
<a href="#">Experts</a>	220
<a href="#">Where you can find Additional Information</a>	220
<a href="#">Index to Consolidated Financial Statements</a>	F-1

---

Neither we nor the underwriters have authorized anyone to provide you any information or make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

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

## PROSPECTUS SUMMARY

*This summary highlights selected information contained elsewhere in this prospectus, and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should carefully read this entire prospectus, including the information under the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context requires otherwise, references in this prospectus to "Lyell Immunopharma," "Lyell," the "Company," "we," "us" and "our" refer to Lyell Immunopharma, Inc.*

### Overview

We are a T cell reprogramming company dedicated to the mastery of T cells to cure patients with solid tumors. We have assembled a world-class scientific team, comprising some of the foremost leaders in the fields of oncology and adoptive cell therapy (ACT), including Drs. Rick Klausner, Nick Restifo, Stan Riddell and Crystal Mackall, who have collectively interrogated and elucidated the mechanisms of T cell biology and its interactions with cancer for decades. We believe the key to effective cell therapy is the mastery of the identity, fate and function of cells to create living medicines. We take a systematic, interrogative, cell biology-driven approach to overcome what we view as the two major barriers to successful ACT – (1) T cell exhaustion and (2) lack of durable stemness – through the application of our proprietary genetic and epigenetic reprogramming technologies, Gen-R and Epi-R. Our technologies are designed to be applied in a target and modality agnostic manner to chimeric antigen receptor (CAR), tumor-infiltrating lymphocytes (TIL) and T cell receptor (TCR) therapies to fundamentally improve the properties of T cells needed to eradicate solid tumors. We believe our autologous T cell therapies will generate improved, durable clinical outcomes that are potentially curative for patients with solid tumors. We are building a multi-modality product pipeline across several solid tumor indications with high unmet needs and anticipate having multiple investigational new drug application (IND) submissions by

### Our Technology Platforms

ACT has demonstrated profound results in some patients suffering from hematologic tumors, but solid tumors are more complex and have evolved multiple mechanisms to evade and ultimately overcome the immune system, limiting the use of ACTs in non-hematologic settings. We believe T cell exhaustion and lack of durable stemness – the T cell's loss of continual proliferative capacity and abilities of self-renewal and differentiation to effector states to eliminate solid tumors – are two major barriers limiting the efficacy of ACT in solid tumors.

We endeavor to overcome these two major barriers to ACT in solid tumors through our proprietary Gen-R and Epi-R technology platforms.

- **Gen-R** – our proprietary *ex vivo* genetic reprogramming technology to overcome T cell exhaustion, which results from transcriptional and epigenetic changes that occur as T cells differentiate into a dysfunctional state. Our scientific co-founders discovered T cell exhaustion occurs more frequently in solid tumors than in hematologic cancers where CAR T cells have demonstrated efficacy. The discovery of Gen-R came from the realization that chronic antigen

stimulation, or when the T cell is always “on,” combined with an immunosuppressive solid tumor microenvironment (TME), likely promotes the development of T cell exhaustion. In preclinical solid tumor models, Gen-R overcame T cell exhaustion and restored antitumor activity through the optimized overexpression of c-JUN, a protein which, when dysregulated, has been shown to play a crucial role in T cell exhaustion.

- **Epi-R** – our proprietary *ex vivo* epigenetic reprogramming technology to create a novel population of T cells with durable stemness. Stemness, the quality of T cells capable of self-renewal, expansion, persistence and anti-tumor response has been reported in the literature to correlate with clinical responses to immunotherapy. However, we believe *durable* stemness is required for long-term efficacy against solid tumors. Durable stemness relates to the ability of T cells to maintain their stemness until the tumor is eradicated, that is, they have the ability to self-renew despite continued persistent signals from the tumor driving activation, proliferation and differentiation. We believe that as these cells proliferate, they generate progeny cells that can both differentiate to polyfunctional effector cells and/or re-populate the population of less differentiated T cell states as they continue to divide, thereby maintaining stemness. Epi-R is designed to intentionally and reproducibly generate populations of T cells which have this property of durable stemness. Furthermore, relating specifically to TIL, application of Epi-R has generated T cell preparations that exhibit increased polyclonality during expansion, and preserved their ability to target a diversity of tumor neoantigens.

**Our Pipeline**

We are utilizing our Gen-R and Epi-R technology platforms to develop a multi-modality product pipeline with multiple IND submissions expected by . Each of our programs provide opportunities to expand into additional indications beyond the patient populations we are initially targeting. Our product candidates are summarized in the table below:

	TECHNOLOGY	TARGET	COMMERCIAL RIGHTS	INDICATION	PHASE	NEXT MILESTONE
<b>CAR</b>	Gen-R & Epi-R	ROR-1 (LYL797)	LYELL	<ul style="list-style-type: none"> <li>• NSCLC</li> <li>• TNBC</li> <li>• Other solid tumors</li> </ul>	Preclinical	Submit IND in
<b>TIL</b>	Epi-R	Polyclonal (LYL845)	LYELL	<ul style="list-style-type: none"> <li>• Multiple solid tumor histologies</li> </ul>	Preclinical	Submit IND in
<b>TCR</b>	Gen-R	NY-ESO-1*	GSK	<ul style="list-style-type: none"> <li>• Synovial sarcoma</li> <li>• Other solid tumors</li> </ul>	Preclinical	Submit IND in
	Epi-R				Preclinical	

*\* Our collaborator, GlaxoSmithKline (GSK), is developing an NY-ESO-1 TCR T cell product candidate, currently in pivotal development. While we are currently evaluating Gen-R and Epi-R in separate preclinical programs for this product candidate, together these programs could represent a single future product opportunity for GSK utilizing one or both of our technology platforms.*

**LYL797: ROR1 + Gen-R & Epi-R**

We are applying our Gen-R and Epi-R technology platforms to our lead CAR program, LYL797, which is expected to be an intravenous (IV) administered CAR T cell product candidate targeting ROR1 with a proprietary optimized epidermal growth factor receptor (EGFRopt) safety switch. We are initially developing LYL797 for the treatment of ROR1+ non-small cell lung cancer (NSCLC) and triple

negative breast cancer (TNBC). ROR1 expression is associated with poor prognosis. Significant subsets of patients with common cancers express ROR1, including TNBC (~60%) and NSCLC (~40%), two of the highest ROR1 expressing indications. If successful, we anticipate expanding into other ROR1+ cancers with a lower incidence of ROR1 expression, including potentially hormone receptor positive (HR+) breast cancer, ovarian and other solid tumors. We expect to submit an IND for LYL797 in .

***LYL845: TIL + Epi-R***

We are applying our Epi-R technology to develop our product candidate, LYL845, which is expected to be an IV administered autologous TIL therapy in multiple solid tumors. TILs have previously shown clinical benefit in patients with melanoma as well as other solid tumors with high mutation burdens including advanced cervical, lung, breast and gastrointestinal cancers. TILs target a variety of tumor antigens, but it is thought that the clinical efficacy of TILs is largely driven by specific recognition of mutated tumor neoantigens. Further, broad TIL efficacy has been limited by poor enrichment of tumor-reactive T cells, poor quality and growth potential of expanded T cells and failure to maintain polyclonality of TILs during production. We have designed LYL845 to incorporate our Epi-R technology to result in enhanced T cell potency, antitumor activity and polyclonality of TILs. If successful, we expect to expand development broadly to potentially include melanoma, cervical, head and neck, pancreatic, breast, colorectal and NSCLC. We expect to submit an IND for LYL845 in .

***NY-ESO-1***

Our collaborator, GSK, is developing a New York esophageal squamous cell carcinoma 1 (NY-ESO-1) TCR T cell product candidate, NY-ESO-1c259, currently in pivotal development. We are collaborating with them to potentially enhance this clinical-stage product candidate with Gen-R and Epi-R. Preclinical efforts and IND-enabling studies are underway. We anticipate GSK will conduct initial clinical studies with the enhanced product candidate in synovial sarcoma and multiple other solid tumor indications. We anticipate an IND submission by .

**Our Manufacturing Capabilities**

We believe it is critically important to own, control and continuously monitor all aspects of the cell therapy manufacturing process in order to mitigate risks the field has seen, including challenges in managing production, supply chain, patient specimen chain of custody and quality control. We made a strategic decision to invest in building our own manufacturing center to control our supply chain, maximize efficiencies in cell product production time, cost and quality, and have the ability to rapidly incorporate disruptive advancements and new innovations. Controlling manufacturing also enables us to protect proprietary aspects of our Gen-R and Epi-R technology platforms. We view our manufacturing team and capabilities as a significant competitive advantage.

Our LyFE manufacturing center in Bothell, Washington is approximately 73,000 square feet and comprises laboratories, offices and manufacturing suites. LyFE has a flexible and modular design allowing us to produce plasmid, viral vector and T cell product to control and de-risk the sequence and timing of production of the major components of our supply chain related to our product candidates. At full staffing and capacity, we expect to be able to manufacture approximately 500 infusions per year depending on product candidate mix. We believe this capacity is sufficient to support our pipeline programs through pivotal studies and, if approved, early commercialization. We anticipate the facility to be current Good Manufacturing Practices (cGMPs) qualified by .

## Our Team

The scientific and leadership team we have assembled comprise some of the foremost leaders in the fields of oncology and ACT. These thought leaders have collectively interrogated and elucidated the mechanisms of T cell biology and its interactions with cancer for decades and have authored over 1,000 publications focused on the interaction between the immune system and cancer. Our management team are experienced executives who come from academia and industry-leading cell and gene therapy companies including Atara, Juno Therapeutics and Sangamo; oncology therapeutic development companies including Amgen, AstraZeneca, Genentech, Incyte and Seagen; and cancer diagnostic companies including Genomic Health, GRAIL and Illumina. The core members of our scientific and leadership team include:

- **Dr. Rick Klausner.** We were founded in 2018 by Dr. Rick Klausner, former Director of the National Cancer Institute (NCI), co-founder of Juno and GRAIL and whose lab in the 1980s isolated the critical components of the TCR that enabled the creation of CAR T cells. Dr. Klausner is our Executive Chairman. He is well known for his work in cell and molecular biology, immunology and human genetics, and has been the author of more than 300 scientific articles and several books, in addition to receiving numerous awards, honorary degrees and other honors. He oversaw the writing of The National Science Education Standards, the first such standards for U.S. Science Education, and served as Liaison to the White House Office of Science & Technology Policy. He is a member of the National Academy of Sciences, the Institute of Medicine and the American Academy of Arts and Sciences.
- **Liz Homans.** Our CEO, Ms. Homans, brings over 30 years of strategy, product development and commercialization experience. She spent over a decade at Genentech in multiple divisions including global product development, regulatory operations and U.S. sales and marketing. She spent most of her Genentech career leading large complex oncology development programs from Phase 2 through completion of pivotal studies submission, approval and launch. She is also an experienced commercial leader having led the U.S. Xolair franchise through two years of double-digit growth. She completed her tenure at Genentech by managing the U.S. HER2+ breast cancer franchise. Ms. Homans also led global regulatory operations for Roche. Prior to Genentech she spent four years at Jazz Pharmaceuticals where she built the project leadership and portfolio strategy team and she also has just under a decade of business strategy consulting experience.
- **Dr. Nick Restifo.** Prior to joining Lyell as our Executive Vice President of Research, Dr. Restifo spent 31 years at the NCI with a sole focus on the development of immunotherapeutic treatments for patients with cancer. His contributions to the field include the molecular definition of the qualities of highly effective antitumor T cells; identification of the gene expression within tumors that is required for successful immunotherapy; and understanding the impact of host factors in cancer immunotherapy. His basic and clinical findings of how immune cells can destroy tumors have become mainstays of cell-based immunotherapies being used worldwide, documented in more than 340 publications and numerous book chapters on cancer immunotherapy.
- **Dr. Stan Riddell.** Dr. Riddell is a Founder of Lyell and Head of our R&D Executive Committee. He is also a Professor, Program in Immunology and the Immunotherapy Integrated Research Center at the Fred Hutchinson Cancer Research, Professor of Medicine at the University of Washington, Distinguished Affiliate Professor at the Technical University of Munich and a cofounder of Juno Therapeutics. Dr. Riddell has designed multiple clinical trials of adoptive T cell therapy using unmodified and genetically modified T cells including the first trial of CD19 CAR modified T cells of defined subset composition, which formed the foundation

for Liso-Cel, which is FDA approved for treatment of diffuse large B cell lymphoma. He has more than 225 publications and his research has contributed to understanding the role of human T cell subsets in protective immunity to pathogens and tumors.

- **Dr. Crystal Mackall.** Dr. Mackall, a Founder of Lyell, is the Ernest and Amelia Gallo Family Professor of Pediatrics and Medicine at Stanford University. She serves as Founding Director of the Stanford Center for Cancer Cell Therapy, Associate Director of Stanford Cancer Institute, Leader of the Cancer Immunology and Immunotherapy Program and Director of the Parker Institute for Cancer Immunotherapy at Stanford. During a 27-year tenure culminating as Chief of the Pediatric Oncology Branch, NCI, and now at Stanford, she has led an internationally recognized translational research program focused on immune-oncology.

### **Our Strategy**

Our goal is to utilize our proprietary technologies to develop curative ACT for patients with solid tumors. Key components of our business strategy to achieve this goal include:

- Leverage our two proprietary, cell reprogramming platform technologies to fundamentally improve T cell efficacy and eradicate solid tumors.
- Rapidly advance and continue to pursue our deep multi-modality pipeline of product candidates and leading edge research.
- Continually innovate to develop and advance disruptive, next generation platform technologies for cell-based therapy.
- Establish proprietary, state of the art manufacturing infrastructure and capabilities to control all aspects of cell product preparations.
- Implement digital technologies and cloud solutions to accelerate and enhance our science and operations.
- Aggressively generate, secure and defend intellectual property on our differentiated technology platforms and product candidates.

### **Risks Related to Our Business**

Investing in our common stock involves substantial risk. The risks described under the section titled “Risk Factors” immediately following this prospectus summary may cause us to not realize the full benefits of our objectives or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges include the following:

- We are a preclinical biopharmaceutical company and have incurred substantial losses since our inception and anticipate that we will continue to incur substantial and increasing net losses for the foreseeable future.
- We operate in a rapidly evolving field and have a limited operating history, which may make it difficult to evaluate the success of our business to date and to assess our future viability.
- Even if this offering is successful, we will require substantial additional capital to achieve our goals, and a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development or commercialization efforts.
- We are early in our research and development efforts and all of our product candidates are still in preclinical development. If we are unable to successfully develop and commercialize product candidates or experience significant delays in doing so, our business may be harmed.



- Our product candidates and technology platforms are based on novel technologies that are unproven and may not result in approvable or marketable products, which exposes us to unforeseen risks and makes it difficult for us to predict the time and cost of product development and potential for regulatory approval and we may not be successful in our efforts to use and expand our technology platforms to build a pipeline of product candidates.
- Our cellular therapy product candidates represent new therapeutic approaches that could result in heightened regulatory scrutiny, delays in clinical development or delays in or our inability to achieve regulatory approval, commercialization or payor coverage of our product candidates.
- The results of research, preclinical studies or earlier clinical studies are not necessarily predictive of future results. Any product candidate we advance into clinical studies may not have favorable results in later clinical studies or receive regulatory approval.
- Clinical development involves a lengthy and expensive process with an uncertain outcome.
- We intend to manufacture at least a portion of our product candidates ourselves. Delays in commissioning and receiving regulatory approvals for our manufacturing facility could delay our development plans and thereby limit our ability to generate product revenues.
- The manufacturing of cellular therapies is very complex. We are subject to a multitude of manufacturing risks, any of which could substantially increase our costs, delay our programs or limit supply of our product candidates.
- We have entered into a collaboration with GSK and may form or seek collaborations or strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.
- We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.
- Our business could be adversely affected by the effects of health epidemics, including the recent COVID-19 pandemic, in regions where we or third parties on which we rely have significant manufacturing facilities, concentrations of potential clinical trial sites or other business operations.
- If we are unable to obtain and maintain sufficient intellectual property protection for our product candidates, or if the scope of the intellectual property protection is not sufficiently broad, our ability to commercialize our product candidates successfully and to compete effectively may be adversely affected.

#### **Corporate Information**

We were founded in June 2018 as a Delaware corporation. Our principal executive offices are located at 400 East Jamie Court, Suite 301, South San Francisco, California 94080 and our telephone number is (650) 695-0677. Our website address is [www.lyell.com](http://www.lyell.com). Information contained in, or accessible through, our website is not a part of this prospectus and the inclusion of our website address in this prospectus is only an inactive textual reference.

#### **Trademarks and Service Marks**

We use the Lyell logo and other marks as trademarks in the United States and other countries. This prospectus contains references to our trademarks and service marks and to those belonging to

[Table of Contents](#)

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

### **Implications of Being an Emerging Growth Company**

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). We may take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm under Section 404 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions for up to five years or until we are no longer an “emerging growth company,” whichever is earlier. We will cease to be an emerging growth company prior to the end of such five-year period if certain earlier events occur, including if we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the Exchange Act), our annual gross revenues exceed \$1.07 billion or we issue more than \$1.0 billion of non-convertible debt in any three-year period. In particular, in this prospectus, we have provided only two years of audited consolidated financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

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

## The Offering

Common stock offered by us	shares.
Option to purchase additional shares	We have granted the underwriters an option for a period of 30 days to purchase up to an additional shares of our common stock at the initial public offering price, less underwriting discounts and commissions.
Common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full).
Use of proceeds	<p>We estimate that the net proceeds from this offering will be approximately \$ million (or approximately \$ million if the underwriters' option to purchase additional shares of our common stock from us is exercised in full), after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We currently intend to use the net proceeds from this offering, together with our existing cash, cash equivalents and marketable securities, to fund through completion of Phase 1 clinical trials of LYL797 and LYL845, other research and development efforts to further advance our Gen-R, Epi-R and cell rejuvenation technology platforms, expansion of our manufacturing capacity and general corporate purposes, including working capital, operating expenses and other capital expenditures. See the section titled "Use of Proceeds" for additional information.</p>
Risk factors	See the section titled "Risk Factors" and other information included in this prospectus for a discussion of factors you should consider carefully before deciding to invest in our common stock.
Directed share program	At our request, the underwriters have reserved up to shares of our common stock offered by this prospectus, excluding the additional shares that the underwriters have a 30-day option to purchase, for sale at the initial public offering price through a directed share program to certain of our directors and officers and certain other parties related to us. Shares purchased by our directors and officers will be subject to the 180-day lock-up restriction described in the section titled "Underwriting." If these persons purchase the reserved shares, it

will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. See the section titled "Underwriting—Directed Share Program" for additional information.

**Proposed Nasdaq Global Market trading symbol**

"LYEL"

The number of shares of our common stock to be outstanding after this offering is based on 217,606,722 shares of common stock outstanding as of December 31, 2020 (including (i) 194,474,431 shares issuable upon the conversion of all outstanding shares of our convertible preferred stock as of December 31, 2020 and (ii) 7,562,503 shares of unvested restricted common stock subject to repurchase as of such date) and excludes:

- 34,413,889 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2020, with a weighted-average exercise price of \$3.33 per share;
- 9,278,532 shares of our common stock issuable upon the exercise of outstanding stock options granted subsequent to December 31, 2020, with a weighted-average exercise price of \$6.87 per share;
- shares of our common stock reserved for future issuance under our 2021 Equity Incentive Plan (2021 Plan), which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2021 Plan and any shares underlying outstanding stock awards granted under our 2018 Equity Incentive Plan (2018 Plan), that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled "Executive Compensation—Equity Benefit Plans"; and
- shares of our common stock reserved for issuance under our 2021 Employee Stock Purchase Plan (ESPP), which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for future issuance under our ESPP.

Unless otherwise indicated, this prospectus assumes or gives effect to:

- the automatic conversion of all outstanding shares of our convertible preferred stock as of December 31, 2020 into an aggregate of 194,474,431 shares of our common stock upon the closing of this offering;
- no exercise of the outstanding options described above;
- no exercise by the underwriters of their option to purchase additional shares of common stock from us in this offering;
- an assumed initial public offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus; and
- the filing and effectiveness of our amended and restated certificate of incorporation to be in effect immediately after the closing of this offering and the adoption of our amended and restated bylaws upon the closing of this offering.

### Summary Consolidated Financial Data

The following tables set forth our summary consolidated financial data for the periods and as of the dates indicated. The following summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated balance sheet data as of December 31, 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. You should read the following summary consolidated financial data together with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. The summary consolidated financial data included in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2019	2020
(in thousands, except per share data)		
<b>Consolidated Statements of Operations and Comprehensive Loss Data</b>		
Revenue	\$ 657	\$ 7,756
Operating expenses (income):		
Research and development	63,595	182,243
General and administrative	39,151	46,881
Other operating income, net	—	(9,431)
Total operating expenses	<u>102,746</u>	<u>219,693</u>
Loss from operations	(102,089)	(211,937)
Interest income, net	8,121	5,939
Other (expense) income, net	<u>(35,409)</u>	<u>1,526</u>
Net loss	(129,377)	(204,472)
Other comprehensive gain (loss):		
Net unrealized gain (loss) on marketable securities	454	(198)
Net comprehensive loss	<u>\$ (128,923)</u>	<u>\$ (204,670)</u>
Net loss attributed to common stockholders:		
Net loss	\$ (129,377)	\$ (204,472)
Deemed dividends upon issuance or repurchase of convertible preferred stock	<u>(1,144)</u>	<u>(3,582)</u>
Net loss attributed to common stockholders	<u>\$ (130,521)</u>	<u>\$ (208,054)</u>
Net loss per common share, basic and diluted(1)	<u>\$ (24.04)</u>	<u>\$ (15.69)</u>
Weighted-average shares used to compute net loss per common share, basic and diluted(1)	<u>5,429</u>	<u>13,258</u>
Pro forma net loss per common share, basic and diluted (unaudited)(2)		<u>\$ (1.04)</u>
Weighted-average shares used to compute pro forma net loss per common share, basic and diluted (unaudited)(2)		<u>200,327</u>

(1) See Note 14 to our consolidated financial statements included elsewhere in this prospectus for a description of how we compute basic and diluted net loss per common share and the number of shares used in computing these amounts.

(2) See the subsection titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Unaudited Pro Forma Information" for an explanation of the calculations of our basic and diluted pro forma net loss per common share and the weighted-average number of shares outstanding used in the computation of the per share amount.

	As of December 31, 2020		
	Actual	Pro Forma <sup>(1)</sup> (in thousands) (unaudited)	Pro Forma As Adjusted <sup>(2)(3)</sup> (unaudited)
<b>Consolidated Balance Sheet Data</b>			
Cash, cash equivalents and marketable securities	\$ 692,614	\$ 692,614	\$
Working capital <sup>(4)</sup>	568,262	568,262	
Total assets	908,280	908,280	
Total liabilities	189,840	189,840	
Convertible preferred stock	1,010,968	—	
Accumulated deficit	(334,143)	(334,143)	
Total stockholders' (deficit) equity	(292,528)	718,440	

- (1) The pro forma column in the consolidated balance sheet data gives effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 194,474,431 shares of common stock, which will occur upon the closing of this offering and the related reclassification of the carrying value of our convertible preferred stock to permanent equity upon the closing of this offering and (ii) the filing and effectiveness of our amended and restated certificate of incorporation to be in effect immediately after the closing of this offering.
- (2) The pro forma as adjusted column in the consolidated balance sheet data gives effect to (i) the items described in footnote (1) above and (ii) the issuance and sale of \_\_\_\_\_ shares of our common stock in this offering at the assumed initial public offering price of \$ \_\_\_\_\_ per share after deducting underwriting discounts and commissions and estimated offering expenses payable by us.
- (3) The pro forma as adjusted information is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing. Each \$1.00 increase or decrease in the assumed initial public offering price of \$ \_\_\_\_\_ per share would increase or decrease, as applicable, each of our cash, cash equivalents and marketable securities, working capital, total assets and total stockholders' deficit by \$ \_\_\_\_\_ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of common stock offered by us would increase or decrease, as applicable, each of our cash, cash equivalents and marketable securities, working capital, total assets, and total stockholders' deficit by \$ \_\_\_\_\_ million and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.
- (4) Working capital is defined as current assets less current liabilities. See our consolidated financial statements and the related notes included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

## RISKS FACTORS

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

### **Risks Relating to Our Financial Condition, Limited Operating History and Need for Additional Capital**

***We are a preclinical biopharmaceutical company and have incurred substantial losses since our inception and anticipate that we will continue to incur substantial and increasing net losses for the foreseeable future.***

Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that a product candidate will fail to prove effective, gain regulatory approval or become commercially viable. We are a preclinical biopharmaceutical company, and we do not have any products approved by regulatory authorities and have incurred significant research, development and other expenses related to our ongoing operations and expect to continue to incur such expenses. Since our inception, we have not generated any revenue from product sales and have incurred significant net losses. Our net losses were \$129.4 million and \$204.5 million for the years ended December 31, 2019 and 2020, respectively. Substantially all of our net losses since inception have resulted from our research and development programs and general and administrative costs associated with our operations. As of December 31, 2020, we had an accumulated deficit of \$334.1 million.

We do not expect to generate revenue from product sales for the foreseeable future, if at all. We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate these losses to increase as we continue to research, develop and seek regulatory approvals for our product candidates, expand our manufacturing capabilities, in-license or acquire additional technologies and potentially begin to commercialize product candidates that may achieve regulatory approval. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenues. Moreover, our net losses may fluctuate significantly from quarter to quarter and year to year, such that a period to period comparison of our results of operations may not be a good indication of our future performance. If any of our product candidates fails in research and development or clinical trials or does not gain regulatory approval, or, if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

We anticipate that our expenses and operating losses will increase substantially over the foreseeable future. The expected increase in expenses will be driven in large part by our ongoing activities, if and as we:

- continue preclinical development of our current and future product candidates and initiate additional preclinical studies;
- commence clinical trials of our current and future product candidates;



## [Table of Contents](#)

- advance our Gen-R, Epi-R and cell rejuvenation technology platforms as well as other research and development efforts;
- attract, hire and retain qualified personnel;
- seek regulatory approval of our current and future product candidates;
- expand our manufacturing and process development capabilities;
- expand our operational, financial and management systems;
- acquire and license technology platforms;
- continue to develop, protect and defend our intellectual property portfolio; and
- incur additional legal, accounting or other expenses in operating our business, including the additional costs associated with operating as a public company.

***We operate in a rapidly evolving field and have a limited operating history, which may make it difficult to evaluate the success of our business to date and to assess our future viability.***

We operate in a rapidly evolving field and, having commenced operations in June 2018, have a limited operating history, which makes it difficult to evaluate our business and prospects. Our primary activities to date have included developing T cell therapies, performing research and development, acquiring technology, entering into strategic collaboration and license agreements, enabling manufacturing activities in support of our product candidate development efforts, organizing and staffing the company, business planning, establishing our intellectual property portfolio, raising capital and providing general and administrative support for these activities. Any predictions about our future success, performance or viability, may not be as accurate as they could be if we had a longer operating history or approved products on the market.

In addition, as a young business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to transition at some point from a company with a research and development focus to a company capable of supporting commercial activities. We may not be successful in such a transition. We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, any of our quarterly or annual periods' results are not indicative of future operating performance.

***We currently have no products approved for sale and have never generated revenue from product sales. We may never generate revenue from product sales or achieve profitability.***

To date, we have not generated any revenues from product sales. Our ability to generate revenues from product sales and achieve profitability will depend on our ability to successfully develop and subsequently obtain regulatory approval for and commercialize, our product candidates. Our ability to generate revenues and achieve profitability also depends on a number of additional factors, including our ability to:

- successfully complete our research activities to identify the technologies and product candidates to further investigate in clinical studies;
- successfully complete development activities, including the necessary clinical studies;
- complete and submit regulatory submissions to the U.S. Food and Drug Administration (FDA) the European Medicines Agency (EMA) or other agencies and obtain regulatory approval for indications for which there is a commercial market;

## Table of Contents

- obtain coverage and adequate reimbursement from third parties, including government and private payors;
- set commercially viable prices for our products, if any;
- develop manufacturing and distribution processes for our product candidates;
- develop commercial quantities of our products at acceptable cost levels;
- establish and maintain adequate supply of our product candidates, including the starting materials and reagents needed;
- complete our own manufacturing facility such that we can maintain the supply of our product candidates in a manner that is compliant with global legal requirements or to the extent necessary, establish and maintain manufacturing relationships with reliable third parties;
- achieve market acceptance of our products, if any;
- attract, hire and retain qualified personnel;
- protect our rights in our intellectual property portfolio;
- develop a commercial organization capable of sales, marketing and distribution for any products we intend to sell ourselves in the markets in which we choose to commercialize on our own; and
- find suitable distribution partners to help us market, sell and distribute our approved products in other markets.

Our revenues for any product for which regulatory approval is obtained will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the product, the ability to get reimbursement at any price and whether we own the commercial rights for that territory. In addition, we anticipate incurring significant costs associated with commercializing any approved product candidate. As a result, even if we generate revenue from product sales, we may not become profitable and may need to obtain additional funding to continue operations. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and may be forced to reduce our operations.

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

We expect to expend substantial resources for the foreseeable future to advance and expand our research pipeline, conduct preclinical studies and proceed to clinical development and manufacturing of our product candidates. We also expect to continue to expend resources for the development of our technology platforms. These expenditures will include costs associated with research and development, potentially acquiring or licensing new technologies, conducting preclinical studies and clinical studies and potentially obtaining regulatory approvals and manufacturing products, as well as marketing and selling products approved for sale, if any. We will also need to make significant expenditures to develop a commercial organization capable of sales, marketing and distribution for any products, if any, that we intend to sell ourselves in the markets in which we choose to commercialize. In addition, we may be required to make substantial payments related to our success payment agreements and other contingent consideration payments under our license and collaboration agreements. Because the design and outcome of our planned and anticipated clinical studies is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the discovery, development and commercialization of our potential product candidates and other unanticipated costs may arise.

We do not have any committed external source of funds. Additional funds may not be available when we need them on terms that are acceptable to us, or at all, and our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical studies or other development activities for our product candidates or delay, limit, reduce or terminate our establishment of sales, marketing and distribution capabilities or other activities that may be necessary to commercialize our product candidates.

***Our success payment obligations in our success payment agreements may result in dilution to our stockholders or may be a drain on our cash resources to satisfy the payment obligations.***

We agreed to make success payments payable in cash or publicly-tradeable shares of our common stock at our discretion pursuant to our success payment agreements with Fred Hutchinson Cancer Research Center (Fred Hutch) and The Board of Trustees of the Leland Stanford Junior University (Stanford). These success payments will be based on increases in the per share fair market value of our common stock during the success payment period, and will become due and payable upon the occurrence of certain future events, including an initial public offering of our securities, a change of control or conclusion of the agreed-on success payment period. The total amount of success payments that we may become obligated to make is currently \$400.0 million and may increase in the future due to amendments of our existing success payment agreements or additional success payment agreements that we may enter into in the future. For information related to our success payment obligations, see the subsection titled under “Business—Collaboration, License and Success Payment Agreements.”

In order to satisfy our obligations to make these success payments, if and when they are triggered, we may issue equity or convertible debt securities that may cause dilution to our stockholders, or we may use our existing cash to satisfy the success payment obligation in cash, which may adversely affect our financial position. In addition, these success payments may impede our ability to raise money in future public offerings of debt or equity securities or to obtain a third-party line of credit.

***The success payment agreements may cause operating results to fluctuate significantly from quarter to quarter and year to year, which may reduce the usefulness of our consolidated financial statements.***

Our success payment obligations are recorded as liabilities on our consolidated balance sheets. Under U.S. generally accepted accounting principles (GAAP), we are required to estimate the fair value of these liabilities as of each quarter end and changes in the estimated fair value are accreted to research and development expense over the service period of the collaboration agreement. Factors that may lead to increases or decreases in the estimated fair value of this liability include, among others, changes in the value of the common stock, changes in volatility and changes in the risk free rate. As a result, our operating results and financial condition as reported by GAAP may fluctuate significantly from quarter to quarter and from year to year and may reduce the usefulness of our GAAP consolidated financial statements. As of December 31, 2020, the estimated fair values of the liabilities associated with the success payments were \$8.0 million and \$8.9 million related to Fred Hutch and Stanford, respectively.

## Risks Related to Our Business and Industry

***We are early in our research and development efforts and all of our product candidates are still in preclinical development. If we are unable to successfully develop and commercialize product candidates or experience significant delays in doing so, our business may be harmed.***

We are early in our research and development efforts, and all of our product candidates are still in preclinical development. We have not yet demonstrated our ability to successfully commence or complete any clinical trials (including Phase 3 or other pivotal clinical trials), obtain regulatory approvals, manufacture a commercial scale product or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. We have invested substantial resources in developing our technology platforms and our product candidates, conducting preclinical studies, building our manufacturing facilities and capabilities and preparing for potential clinical studies, each of which will be required prior to any regulatory approval and commercialization. Our ability to generate revenue from product sales, which we do not expect will occur for several years, if ever, will depend heavily on the successful research and development and eventual commercialization of one or more product candidates. The success of our efforts to identify and develop product candidates will depend on many factors, including the following:

- timely and successful completion of our preclinical studies and research activities to identify and develop product candidates to investigate in clinical studies;
- Submission to proceed with clinical trials under INDs from the FDA, or comparable applications to foreign regulatory authorities that allow the commencement of our planned or future clinical trials for our product candidates;
- completion of preclinical studies and successful enrollment and completion of clinical studies in compliance with Good Clinical Practice (GCP) requirements with positive results;
- the prevalence and severity of adverse events experienced with any of our product candidates;
- successfully developing or making arrangements with third parties for, manufacturing and distribution processes for our product candidates and for commercial manufacturing and distribution for any of our product candidates that receive regulatory approval;
- receipt of timely regulatory approvals from applicable authorities for our product candidates for their intended uses;
- protecting our rights in our intellectual property portfolio, including by obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates;
- establishing or making arrangements with third-party manufacturers or completing our own manufacturing facility for clinical and commercial manufacturing purposes;
- establishing capabilities and infrastructure to obtain the tumor tissues needed to develop and, if successful, commercialize approved products from our TIL program;
- manufacturing our product candidates at an acceptable cost;
- launching commercial sales of our products, if approved by applicable regulatory authorities, whether alone or in collaboration with others;
- acceptance of our products, if approved by applicable regulatory authorities, by patients and the medical community;
- obtaining and maintaining coverage and adequate reimbursement by third-party payors, including government payors, for our products, if approved by applicable regulatory authorities;
- effectively competing with other marketed therapies;
- maintaining compliance with regulatory requirements, including the cGMP requirements;

## [Table of Contents](#)

- maintaining a continued acceptable benefit/risk profile of the products following approval; and
- maintaining and growing an organization of scientists and functional experts who can develop and commercialize our products and technology.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully develop and commercialize our product candidates, which could harm our business. If we do not receive marketing approvals for any product candidate we develop, we may not be able to continue our operations.

***Our product candidates and technology platforms are based on novel technologies that are unproven and may not result in approvable or marketable products, which exposes us to unforeseen risks and makes it difficult for us to predict the time and cost of product development and potential for regulatory approval and we may not be successful in our efforts to use and expand our technology platforms to build a pipeline of product candidates.***

We are seeking to identify and develop a broad pipeline of product candidates using our proprietary technology platforms. We have not commenced clinical trials for any product candidates developed with these platforms. The scientific research that forms the basis of our efforts to develop product candidates with our technology platforms is still ongoing. We are not aware of any FDA approved therapeutics utilizing similar technology. Further, the scientific evidence to support the feasibility of developing therapeutic treatments based on our technology platforms are both preliminary and limited. Additionally, we have not tested any of the product candidates in humans, and our current data is limited to animal models and preclinical cell lines, the results of which may not translate into humans or may not accurately predict the safety and efficacy of our product candidates in humans. As a result, we are exposed to a number of unforeseen risks and it is difficult to predict the types of challenges and risks that we may encounter during development of our product candidates.

Given the novelty of our technology platforms, we intend to work closely with the FDA and comparable foreign regulatory authorities to perform the requisite scientific analyses and evaluation of our methods to obtain regulatory approval for our product candidates; however, due to a lack of relevant experiences, the regulatory pathway with the FDA and comparable regulatory authorities may be more complex and time-consuming relative to other more well-known therapeutics. Even if we obtain human data to support our product candidates, the FDA or comparable foreign regulatory agencies may lack experience in evaluating the safety and efficacy of our product candidates developed using our technology platforms, which could result in a longer than expected regulatory review process, increase our expected development costs and delay or prevent commercialization of our product candidates. The validation process takes time and resources, may require independent third-party analyses and may not be accepted or approved by the FDA and comparable foreign regulatory authorities. There can be no assurance as to the length of clinical development, that number of patients that the FDA may require to be enrolled in clinical trials to establish the safety, purity and potency of our product candidates, or that the data generated in these clinical trials will be acceptable to the FDA to support marketing approvals. We cannot be certain that our approach will lead to the development of approvable or marketable products, alone or in combination with other therapies.

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

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract and retain highly qualified managerial, scientific, and medical personnel. We are highly dependent on our management, manufacturing, scientific and medical

## [Table of Contents](#)

personnel. The loss of the services of any of our executive officers, other key employees, and other scientific and medical advisors, and our inability to find suitable replacements could result in delays in product development and harm our business. We conduct substantially all of our operations at our facilities in the San Francisco and Seattle metropolitan areas. These regions are headquarters to many other biopharmaceutical companies and many academic and research institutions. Competition for skilled personnel in these markets is intense and may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all. To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided stock options that vest over time. The value to employees of stock options or other equity incentives that vest over time may be significantly affected by factors beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Despite our efforts to retain valuable employees, members of our management, scientific and development teams may terminate their employment with us on short notice. Although we have employment agreements with our key employees, these employment agreements provide for at-will employment, which means that any of our employees could leave our employment at any time, with or without notice. We do not maintain "key man" insurance policies on the lives of these individuals or the lives of any of our other employees. Our success also depends on our ability to continue to attract, retain, and motivate highly skilled junior, mid-level and senior managers as well as junior, mid-level and senior scientific and medical personnel.

### ***Any future litigation or adversarial proceedings against us could be costly and time-consuming to defend.***

We may in the future become subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by third parties in connection with commercial disputes or employment claims made by our current or former employees. Litigation or adversarial proceedings might result in substantial costs and may divert management's attention and resources, which might seriously harm our business, reputation, overall financial condition and operating results. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby harming our business.

### ***If we cannot maintain our company culture as we grow, our success and our business may be harmed.***

We believe our culture has been a key contributor to our success to date. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our objectives. As we grow and are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the beneficial aspects of our culture. If we fail to maintain our company culture, our business may be adversely affected.

### ***We currently have no marketing, sales, or distribution infrastructure and we intend to either establish a sales and marketing infrastructure or outsource this function to a third party. Either of these commercialization strategies carries substantial risks to us.***

We currently have no marketing, sales and distribution capabilities because all of our product candidates are still in preclinical development. If any of our product candidates complete clinical development and are approved, we intend to either establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize our product candidates in a legally compliant manner, or to outsource this function to a third party. There are risks involved if we decide to establish our own sales and marketing capabilities or enter into arrangements with third

parties to perform these services. To the extent that we enter into collaboration agreements with respect to marketing, sales or distribution, our product revenue may be lower than if we directly marketed or sold any approved products. Such collaborative arrangements with partners may place the commercialization of our products outside of our control and would make us subject to a number of risks including that we may not be able to control the amount or timing of resources that our collaborative partner devotes to our products or that our collaborator's willingness or ability to complete its obligations, and our obligations under our arrangements may be adversely affected by business combinations or significant changes in our collaborator's business strategy.

If we are unable to enter into these arrangements on acceptable terms or at all, we may not be able to successfully commercialize any approved products. If we are not successful in commercializing any approved products, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses, which would have a material adverse effect on our business, financial condition and results of operations.

***Our business could be adversely affected by the effects of health epidemics, including the recent COVID-19 pandemic, in regions where we or third parties on which we rely have significant manufacturing facilities, concentrations of potential clinical trial sites or other business operations.***

Our business could be adversely affected by health epidemics, including the COVID-19 pandemic, in regions where we or third parties on which we rely have significant manufacturing facilities, concentrations of potential clinical trial sites or other business operations. It is not possible at this time to estimate the overall impact that the COVID-19 pandemic could have on our business. For example, as a result of the COVID-19 pandemic, the States of California and Washington, where our operations are located, have issued orders limiting activities to varying levels, including at the most restrictive level, an order for all residents to remain at home, except for the performance of essential activities, which include biomedical research. We have implemented policies that enable some of our employees to work in the research laboratories and for other employees to work remotely, and such policies may continue for an indefinite period. We have also implemented various safety protocols for all on-site personnel, including the requirement to wear masks and maintain social distance. We continue to evaluate the impact COVID-19 may have on our ability to effectively conduct our business operations as planned, and there can be no assurance that we will be able to avoid part or all of any impact from the spread of COVID-19 or its consequences.

In addition, our preclinical study and future clinical trial plans may be affected by the COVID-19 outbreak. Site initiation and patient enrollment may be delayed due to prioritization of hospital resources toward the COVID-19 pandemic, which may delay enrollment in our future global clinical trials, and some patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services, and we may be unable to obtain blood samples for testing.

The ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change. Several measures are currently being implemented by the United States and other governments to address the current COVID-19 pandemic and its economic impacts. At this time, it is impossible to predict the success of these measures and whether or not they will have unforeseen negative consequences for our business. We do not yet know the full extent of potential delays or impacts on our business, our planned preclinical studies or clinical trials, healthcare systems or the global economy as a whole. Nor do we know when and how such regulations may be eased. The foregoing and other continued disruptions to our business as a result of COVID-19 could result in an adverse effect on our business, results of operations, financial condition and cash flows. Furthermore, the COVID-19 pandemic could heighten the risks in certain of the other risk factors described herein.

## Risks Related to Manufacturing

***We intend to manufacture at least a portion of our product candidates ourselves. Delays in commissioning and receiving regulatory approvals for our manufacturing facility could delay our development plans and thereby limit our ability to generate product revenues.***

We have built our own manufacturing facility in Bothell, Washington. The facility is expected to support preclinical and development product candidates, and product-specific qualification to support clinical production is needed. If we are not able to qualify a specific product candidate or the appropriate regulatory approvals for the new facility are delayed, we may be unable to manufacture sufficient quantities of our product candidates, if at all, which would limit our development activities and our opportunities for growth.

In addition, our manufacturing facility will be subject to ongoing, periodic inspection by the FDA, EMA, or other applicable regulatory agencies to ensure compliance with cGMPs and current Good Tissue Practices (cGTPs). Our failure to follow and document our adherence to these regulations or other regulatory requirements may lead to significant delays in the availability of products for clinical or, in the future, commercial use. This may result in the termination of or a hold on a clinical study, or may delay or prevent filing or approval of commercial marketing applications for our product candidates. We also may encounter problems with the following:

- achieving adequate or clinical-grade materials that meet regulatory agency standards or specifications with consistent and acceptable production yield and costs;
- shortages of qualified personnel, raw materials or key contractors; and
- ongoing compliance with cGMP regulations and other requirements of the FDA, EMA, or other comparable regulatory agencies.

Failure to comply with applicable regulations could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, a requirement to suspend or put on hold one or more of our clinical studies, failure of regulatory authorities to grant marketing approval of our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

Developing advanced manufacturing techniques and process controls is required to fully utilize our facility. Without further investment, advances in manufacturing techniques may render our facility and equipment inadequate or obsolete. We may also require further investment to build additional manufacturing facilities or expand the capacity of our existing ones.

***The manufacturing of cellular therapies is very complex. We are subject to a multitude of manufacturing risks, any of which could substantially increase our costs, delay our programs or limit supply of our product candidates.***

Developing commercially viable manufacturing processes for cellular therapies is a difficult and uncertain task and requires significant expertise and capital investment. We are still in the early stages of developing and implementing manufacturing processes for our product candidates. In particular, for autologous cell therapies the starting material is the patient's own cells which inherently adds complexity and variability to the manufacturing process, and we have not yet manufactured a cellular therapy for a patient with cancer. In addition, we have only recently completed construction of our Bothell, Washington manufacturing facility and have not commenced any clinical scale operations. Our ability to consistently and reliably manufacture our cellular therapy product candidates is essential to our success, and there are risks associated with scaling to the level required for advanced clinical studies or commercialization, including cost overruns, potential problems with process scale-up,



## [Table of Contents](#)

process reproducibility, stability issues, consistency and timely availability of reagents or raw materials. Furthermore, our manufacturing processes may have significant dependencies on third parties, which will pose additional risks to our manufacturing capabilities. Additionally, we do not yet have sufficient information to reliably estimate the cost of the commercial manufacturing and processing of our product candidates, and the actual cost to manufacture and process our product candidates could materially and adversely affect the commercial viability of our product candidates. As a result, we may never be able to develop a commercially viable product.

In addition to the factors mentioned above, the overall process of manufacturing cellular therapies is extremely susceptible to product loss due to low cell viability, contamination, equipment failure or improper installation or operation of equipment, or vendor or operator error. Even minor deviations from normal manufacturing and distribution processes for any of our product candidates could result in reduced production yields, impact to key product quality attributes and other supply disruptions. Product defects can also occur unexpectedly. These deviations and disruptions could delay our programs. If we are not able to capably manage this complexity and variability, our ability to timely and successfully provide our products candidates to patients could be delayed. In addition, the complexities of utilizing a patient's own cells as the starting material requires that we have suitable cells capable of yielding a viable cellular therapy product, which may not be possible for severely immune-compromised or heavily pre-treated patients.

The process of successfully manufacturing products for clinical testing and commercialization may be particularly challenging, even if such products otherwise prove to be safe and effective. The manufacture of these product candidates involves complex processes. Some of these processes require specialized equipment and highly skilled and trained personnel. The process of manufacturing these product candidates will be susceptible to additional risks, given the need to maintain aseptic conditions throughout the manufacturing process. Contamination with microbials, viruses or other pathogens in either the donor material or materials utilized in the manufacturing process or ingress of microbiological material at any point in the process may result in contaminated, unusable product or necessitate the closing of a manufacturing facility for an extended period of time to allow us to investigate and remedy the contamination. These types of contaminations could result in delays in the manufacture of products which could result in delays in the development of our product candidates. These contaminations could also increase the risk of adverse side effects.

Any adverse developments affecting manufacturing operations for our product candidates may result in lot failures, inventory shortages, shipment delays, product withdrawals or recalls or other interruptions in supply which could delay the development of our product candidates. If we are unable to obtain sufficient supply of our product candidates, whether due to production shortages or other supply interruptions resulting from the ongoing COVID-19 pandemic or otherwise, our clinical trials or regulatory approval may be delayed. We may also have to write off inventory, incur other charges and expenses for supply of product that fails to meet specifications, undertake costly remediation efforts, or seek more costly manufacturing alternatives. In addition, parts of the supply chain may have long lead times or may come from a small number of suppliers. If we are not able to appropriately manage our supply chain our ability to successfully produce our product candidates could be delayed or harmed. Inability to meet the demand for our product candidates could damage our reputation and the reputation of our products among physicians, healthcare payors, patients or the medical community that supports our product development efforts, including hospitals and outpatient clinics.

Furthermore, the manufacturing facilities in which our product candidates will be made could be adversely affected by earthquakes and other natural disasters, equipment failures, labor shortages, power failures, health epidemics and numerous other factors. If any of these events were to occur and impact our manufacturing facilities, our business would be materially and adversely affected.

***If our sole clinical or commercial manufacturing facility or our contract manufacturing organization is damaged or destroyed or production at these facilities is otherwise interrupted, our business would be negatively affected.***

If any manufacturing facility in our manufacturing network, or the equipment in these facilities, is either damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity, if we are able to replace it at all. In the event of a temporary or protracted loss of a facility or its equipment, we may not be able to transfer manufacturing to a third party in the time required to maintain supply. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements or may require regulatory approval before selling any products manufactured at that facility. Such an event could substantially delay our clinical studies or commercialization of our product candidates.

Currently, we maintain insurance coverage against damage to our property and to cover business interruption and research and development restoration expenses. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. We may be unable to meet our requirements for our product candidates if there were a catastrophic event or failure of our current manufacturing facility or processes.

***If we are unable to develop or scale our own manufacturing, we may have to rely on third parties to manufacture our product candidates, which subjects us to risks and could delay or prevent our development and/or commercialization, if approved, of our product candidates.***

If we are unable to develop or scale our own manufacturing capabilities for our product candidates, we will be reliant on third parties to manufacture our product candidates. We may be unable to identify manufacturers for our product candidates or the materials required to develop the cellular therapy on acceptable terms or at all because the number of potential manufacturers is limited. Engaging a third party manufacturer will require testing and regulatory interactions, and a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of our products after receipt of FDA questions, if any. Our third-party manufacturers may be unable to timely formulate and manufacture our product or produce the quantity and quality required to meet our clinical and commercial needs, if any.

Furthermore, the facilities used by manufacturers are subject to ongoing periodic unannounced inspections by the FDA and corresponding state agencies to ensure strict compliance with government regulations and corresponding foreign standards, and we do not have control over third-party manufacturers' compliance with cGMPs for the manufacture of our product candidates. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, we will not be able to obtain and/or maintain regulatory approval for our product candidates manufactured in these facilities. In addition, we have no control over the ability of our third-party manufacturers to maintain adequate control, quality assurance and qualified personnel required to meet our clinical and commercial needs, if any. If the FDA or a comparable foreign regulatory authority does not approve the manufacture of our product candidates at these facilities or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved. In addition, any failure to achieve and maintain compliance with these laws, regulations and standards could subject us to the risk that we may have to suspend the manufacturing of our product candidates or that any approvals we have obtained could be revoked, which would adversely affect our business and reputation.

We may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our products. Also, our third-

## [Table of Contents](#)

party manufacturers could breach or terminate their agreement with us because of their own financial difficulties or business priorities, at a time that is costly or otherwise inconvenient for us. If we were unable to find adequate replacement or another acceptable solution in time, our clinical trials could be delayed or our commercial activities could be harmed.

Furthermore, our third-party manufacturers would also be subject to the same risks we face in developing our own manufacturing capabilities, as described above. Each of these risks could delay our clinical trials, the approval, if any, of our product candidates by the FDA or the commercialization of our product candidates or result in higher costs or deprive us of potential product revenue.

### ***Cell-based therapies rely on the availability of specialty raw materials, which may not be available to us on acceptable terms or at all.***

Our product candidates require many specialty raw materials. As a result, we may be required to outsource aspects of our manufacturing supply chain. Many of the specialty raw materials may be manufactured by small companies with limited resources and experience to support a commercial product, and the suppliers may not be able to deliver raw materials to our specifications. In such case, identifying and engaging an alternative supplier or manufacturer could result in delay, and we may not be able to find other acceptable suppliers or manufacturers on acceptable terms, or at all. Switching suppliers or manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines. If we change suppliers or manufacturers for commercial production, applicable regulatory agencies may require us to conduct additional studies or trials. If key suppliers or manufacturers are lost, or if the supply of the materials is diminished or discontinued, we may not be able to develop, manufacture and market our product candidates in a timely and competitive manner, or at all. An inability to continue to source product from any of these suppliers, which could be due to a number of issues, including regulatory actions or requirements affecting the supplier, adverse financial or other strategic developments experienced by a supplier, labor disputes or shortages, unexpected demands or quality issues, could adversely affect our ability to satisfy demand for our product candidates, which could adversely and materially affect our product sales and operating results or our ability to conduct clinical trials, either of which could significantly harm our business.

In addition, those suppliers may not have the capacity to support commercial products manufactured by biopharmaceutical firms. The suppliers may be ill-equipped to support our needs, especially in non-routine circumstances like an FDA inspection, or medical crises such as widespread contamination. We may not be able to contract with these companies on acceptable terms or at all. Accordingly, we may experience delays in receiving key raw materials to support clinical or commercial manufacturing. In addition, some raw materials are currently available from a single supplier, or a small number of suppliers. We cannot be sure that these suppliers will remain in business, or that they will not be purchased by one of our competitors or another company that is not interested in continuing to produce these materials for our intended purpose. These factors could cause the delay of studies or trials, regulatory submissions, required approvals or commercialization of product candidates that we develop, cause us to incur higher costs and prevent us from commercializing our product candidates successfully.

### **Risks Related to Our Dependence on Third-Parties**

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

We do not currently have the ability to independently conduct any clinical trials. We intend to rely on medical institutions, clinical investigators, contract laboratories and other third parties, such as

contract research organizations (CROs), to conduct GCP-compliant clinical trials on our product candidates properly and on time. Negotiating budgets and contracts with CROs and study sites may result in delays to our development timelines and increased costs. While we will control only certain aspects of these third parties' activities, nevertheless, we will be responsible for ensuring that each of our studies is conducted in accordance with applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with GCPs, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for product candidates in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of these third parties fail to comply with applicable GCP regulations, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, such regulatory authorities will determine that any of our clinical trials comply with the GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMPs and will require a large number of test patients. Our failure or any failure by these third parties to comply with these regulations or to recruit a sufficient number of patients may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be implicated if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

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

If any of our relationships with trial sites or any CRO that we may use in the future terminates, we may not be able to enter into arrangements with alternative trial sites or CROs or do so on commercially reasonable terms. Switching or adding third parties to conduct clinical trials involves substantial cost and requires extensive management time and focus. In addition, there is a natural transition period when a new third party commences work. As a result, delays occur, which can materially impact our ability to meet desired clinical development timelines.

***We do and will continue to or intend to rely on outside scientists and their third-party research institutions for research and development and early clinical testing of our product candidates. These scientists and institutions may have other commitments or conflicts of interest, which could limit our access to their expertise and harm our ability to leverage our technology platforms.***

We rely on our third-party research institution collaborators for some research capabilities. However, the research we are funding constitutes only a small portion of the overall research of each research institution. Other research being conducted by these institutions may at times receive higher priority than research on the programs we are funding. We typically have less control of the research, clinical trial protocols and patient enrollment than we might with activity led by our employees.

## [Table of Contents](#)

The outside scientists who conduct the research and development upon which portions of our product candidate pipeline depends, are not our employees; rather, they serve as either independent contractors or the primary investigators under research collaboration agreements that we have with their sponsoring academic or research institution. Such scientists and collaborators may have other commitments that would limit their availability to us. Although our scientific advisors generally agree not to do competing work, if an actual or potential conflict of interest between their work for us and their work for another entity arises, we may lose their services. These factors could adversely affect the timing of the clinical trials, the timing of receipt and reporting of clinical data, the timing of our IND submissions, and our ability to conduct future planned clinical trials. It is also possible that some of our valuable proprietary knowledge may become publicly known through these scientific advisors if they breach their confidentiality agreements with us, which would cause competitive harm to, and have an adverse effect on, our business.

***We have entered into a collaboration with GlaxoSmithKline (GSK) and may form or seek collaborations or strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.***

We have entered into a research and development collaboration with GSK for our NY-ESO-1 program and other potential product opportunities. In the future, we may also enter into additional license and collaboration arrangements. Any collaboration arrangement that we enter into is subject to numerous risks, which may include the following:

- the collaborator has significant discretion in determining the efforts and resources that they will apply to a program or product candidate under the collaboration;
- the collaborator may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in their strategic focus due to the acquisition of competitive products, availability of funding or other external factors, such as a business combination that diverts resources or creates competing priorities;
- the collaborator may delay clinical trials, provide insufficient funding for a clinical trial, preferentially enroll patients on a portion of a clinical trial not testing our product candidates, stop a clinical trial, abandon a product candidate, repeat or conduct new clinical trials, or require a new formulation of a product candidate for clinical testing;
- the collaborator could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates;
- the collaborator may not commit sufficient resources to marketing and distribution of our products;
- the collaborator may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- disputes may arise between us and the collaborator that cause the delay or termination of the research, development or commercialization of our product candidates, or that result in costly litigation or arbitration that diverts management attention and resources;
- the collaboration 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; and
- the collaborator may own or co-own intellectual property covering our product candidates that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialize such intellectual property.

In particular, failure by GSK to meet each of its obligations under our collaboration agreement or failure by GSK to apply sufficient efforts at developing and commercializing collaboration products may adversely affect our business and our results of operations. GSK could independently develop, or develop with its other third party collaborators, products or product candidates that compete directly or indirectly with our products or product candidates and that could adversely impact GSK's willingness to exercise an option under our collaboration or GSK's level of diligence for our collaboration products for which it has exercised an option. Additionally, GSK's exercise of an option for a program that includes a given product candidate may also lead to changes to clinical and regulatory development strategy for such product candidate, at GSK's discretion, which may impact development timelines for such product candidate and may adversely affect the value of our stock. GSK will also require some level of assistance from us with respect to product candidates for which it exercises an option, and this assistance could be burdensome on our organization and resources and disrupt our own development and commercialization activities for product candidates for which we retain rights.

We may form or seek further strategic alliances, create joint ventures or collaborations, or enter into additional licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates our research, and any future product candidates that we may pursue. Such alliances will be subject to many of the risks set forth above. Moreover, any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing stockholders, or disrupt our management and business. In addition, we face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex.

As a result of these risks, we may not be able to realize the benefit of our existing collaboration or any future collaborations or licensing agreements we may enter into. Any delays in entering into new collaborations or strategic partnership agreements related to our product candidates could delay the development and commercialization of our product candidates in certain geographies for certain indications, which would harm our business prospects, financial condition and results of operations.

***We may not realize the benefits of potential future collaborations, licenses, product acquisitions or other strategic transactions.***

We have entered into, and may desire to enter into in the future, collaborations, licenses or other strategic transactions for the acquisition of products or business opportunities, in each case where we believe such arrangement will complement or augment our existing business. These relationships or transactions, or those like them, may require us to incur nonrecurring and other charges, increase our near- and long-term expenditures, issue securities that dilute our existing stockholders, reduce the potential profitability of the products that are the subject of the relationship or disrupt our management and business. For example, we entered into a collaboration agreement and stock purchase agreement with PACT Pharma, Inc. (PACT) in June 2020, and in February 2021, we filed a demand for arbitration seeking to, among other things, rescind the agreements with PACT and recover the consideration paid thereunder. In addition, we face significant competition in seeking appropriate strategic alliances and transactions and the negotiation process is time-consuming and complex and there can be no assurance that we can enter into any of these transactions even if we desire to do so. Moreover, we may not be successful in our efforts to establish a strategic alliance or other alternative arrangements for any future product candidates and programs because our research and development pipeline may be insufficient, our product candidates or programs may be deemed to be at too early a stage of development for collaborative effort and third parties may not view our product candidates and programs as having the requisite potential to demonstrate a positive benefit/risk profile. Any delays in entering into new strategic alliance agreements related to our product candidates could also delay the development and commercialization of our product candidates and reduce their competitiveness even if they reach the market.

## [Table of Contents](#)

If we license products or acquire businesses, we may not be able to realize the benefit of these transactions if we are unable to successfully integrate them with our existing operations and company culture. There are other risks and uncertainties involved in these transactions, including unanticipated liabilities related to acquired intellectual property rights, products or companies and disruption in our relationship with collaborators or suppliers as a result of such a transaction. We cannot be certain that, following an acquisition or license, we will achieve the financial or strategic results that would justify the transaction.

***We will depend on enrollment and retention of patients in our clinical trials for our product candidates. If we experience delays or difficulties enrolling or retaining patients in our clinical trials, our research and development efforts and business, financial condition, and results of operations could be materially adversely affected.***

Successful and timely completion of clinical trials will require that we enroll and retain a sufficient number of patient candidates. Any clinical trials we conduct may be subject to delays for a variety of reasons, including as a result of patient enrollment taking longer than anticipated, patient withdrawal, or adverse events. These types of developments could cause us to delay the trial or halt further development.

Our clinical trials will compete with other clinical trials that are in the same therapeutic areas as our product candidates, and this competition reduces the number and types of patients available to us, as some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Moreover, enrolling patients in clinical trials for diseases in which there is an approved standard of care is challenging, as patients will first receive the applicable standard of care. Many patients who respond positively to the standard of care do not enroll in clinical trials. This may limit the number of eligible patients able to enroll in our clinical trials who have the potential to benefit from our product candidates and could extend development timelines or increase costs for these programs. Patients who fail to respond positively to the standard of care treatment will be eligible for clinical trials of unapproved drug candidates. However, these prior treatment regimens may render our therapies less effective in clinical trials.

Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites.

Patient enrollment depends on many factors, including:

- the size and nature of the patient population;
- the severity of the disease under investigation;
- eligibility criteria for the trial;
- the proximity of patients to clinical sites;
- the design of the clinical protocol;
- the ability to obtain and maintain patient consents;
- perceived risks and benefits of the product candidate under evaluation, including any perceived risks associated with genetically modified product candidates;
- the ability to recruit clinical trial investigators with the appropriate competencies and experience;

## [Table of Contents](#)

- the risk that patients enrolled in clinical trials will drop out of the trials before the administration of our product candidates or trial completion;
- the availability of competing clinical trials;
- the availability of such patients during the COVID-19 pandemic;
- the availability of new drugs approved for the indication the clinical trial is investigating; and
- clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies.

These factors may make it difficult for us to enroll enough patients to complete our clinical trials in a timely and cost-effective manner. Delays in the completion of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process, and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, some of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

### ***We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.***

We face competition from numerous pharmaceutical and biotechnology enterprises, as well as from academic institutions, government agencies and private and public research institutions. Our ability to enroll clinical studies or our commercial opportunities will be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer side effects or are less expensive than any products that we may develop. Additionally, our commercial opportunities will be reduced or eliminated if novel upstream products or changes in treatment protocols reduce the overall incidence or prevalence of our current or future target diseases. Competition could result in reduced sales and pricing pressure on our product candidates, if approved by applicable regulatory authorities. In addition, significant delays in the development of our product candidates could allow our competitors to bring products to market before us and impair any ability to commercialize our product candidates.

### **Risks Related to Regulation and Legal Compliance**

#### ***All of our product candidates are currently in preclinical development, and our future success is dependent on the successful development and regulatory approval of our product candidates.***

We currently have no products approved for commercial sale, and all of our product candidates are currently in preclinical development. The future success of our business is substantially dependent on our ability to obtain regulatory approval for our product candidates for the indications we seek, and, if approved, to successfully commercialize one or more product candidates in a timely manner. Each of our programs and product candidates will require additional preclinical and clinical development, regulatory approval, obtaining manufacturing supply, capacity and expertise, building a commercial organization or successfully outsourcing commercialization, substantial investment and significant marketing efforts before we generate any revenue from product sales. We do not have any products that are approved for commercial sale, and we may never be able to develop or commercialize marketable products.

We cannot commercialize product candidates in the United States without first obtaining regulatory approval for the product from the FDA; similarly, we cannot commercialize product



candidates outside of the United States without obtaining regulatory approval from comparable foreign regulatory authorities. Before obtaining regulatory approvals for the commercial sale of any product candidate for a target indication, we must demonstrate with substantial evidence from and to the satisfaction of the FDA and foreign regulatory authorities, that the product candidate is safe, pure and potent for use for that target indication and that the manufacturing facilities, processes and controls are adequate with respect to such product candidate to assure safety, purity and potency.

The time required to obtain approval by the FDA and comparable foreign regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical studies and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate and it is possible that none of our existing product candidates or any future product candidates will ever obtain regulatory approval. Furthermore, the regulatory approval process for novel product candidates, such as T cell product candidates and next-generation T cell programs, can be more complex and consequently more expensive and take longer than for other, better known or extensively studied pharmaceutical or other product candidates.

Even if a product candidate were to successfully obtain approval from the FDA and comparable foreign regulatory authorities, any approval might contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. If we are unable to obtain regulatory approval for one of our product candidates in one or more jurisdictions, or any approval contains significant limitations, we may not be able to obtain sufficient funding to continue the development of that product or generate revenues attributable to that product candidate. Also, any regulatory approval of our current or future product candidates, once obtained, may be withdrawn.

***Our cellular therapy product candidates represent new therapeutic approaches that could result in heightened regulatory scrutiny, delays in clinical development or delays in or our inability to achieve regulatory approval, commercialization or payor coverage of our product candidates.***

Our future success is dependent on the successful development of our cellular therapies in general and our development product candidates in particular. Because these programs represent a new approach to the treatment of cancer, developing and, if approved, commercializing our product candidates subject us to a number of challenges. Moreover, we cannot be sure that the manufacturing processes used in connection with our cellular therapy product candidates will yield a sufficient supply of satisfactory products that are safe, pure and potent, scalable or profitable.

In addition to FDA oversight and oversight by institutional review boards (IRBs) under guidelines promulgated by the National Institutes of Health (NIH), gene therapy clinical trials are also subject to review and oversight by an institutional biosafety committee (IBC), a local institutional committee that reviews and oversees research utilizing recombinant or synthetic nucleic acid molecules at that institution. The IBC assesses the safety of the research and identifies any potential risk to public health or the environment. While the NIH guidelines are not mandatory unless the research in question is being conducted at or sponsored by institutions receiving NIH funding of recombinant or synthetic nucleic acid molecule research, many companies and other institutions not otherwise subject to the NIH Guidelines voluntarily follow them. Although the FDA decides whether trials of cell therapies that involve genetic engineering may proceed, the review process and determinations of other reviewing bodies can impede or delay the initiation of a clinical trial, even if the FDA has reviewed the trial and approved its initiation.

Actual or perceived safety issues, including adoption of new therapeutics or novel approaches to treatment, may adversely influence the willingness of subjects to participate in clinical studies, or if approved by applicable regulatory authorities, of physicians to subscribe to the novel treatment mechanics. The FDA or other applicable regulatory authorities may ask for specific post-market requirements, and additional information informing benefits or risks of our products may emerge at any time prior to or after regulatory approval.

Physicians, hospitals and third-party payors often are slow to adopt new products, technologies and treatment practices that require additional upfront costs and training. Physicians may not be willing to undergo training to adopt this novel therapy, may decide the therapy is too complex to adopt without appropriate training or not cost-efficient, and may choose not to administer the therapy. Based on these and other factors, hospitals and payors may decide that the benefits of this new therapy do not or will not outweigh its costs.

***The results of research, preclinical studies or earlier clinical studies are not necessarily predictive of future results. Any product candidate we advance into clinical studies may not have favorable results in later clinical studies or receive regulatory approval.***

Success in research, preclinical studies and early clinical studies does not ensure that later clinical studies will generate similar results and otherwise provide adequate data to demonstrate the efficacy and safety of an investigational product. Likewise, a number of companies in the pharmaceutical and biotechnology industries, including those with greater resources and experience than us, have suffered significant setbacks in late-stage clinical studies, even after seeing promising results in earlier preclinical studies or clinical studies. Thus, even if the results from our initial research and preclinical activities appear positive, we do not know whether subsequent late-stage clinical studies we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any product candidates.

Moreover, final study results may not be consistent with interim study results. If later-stage clinical studies do not produce favorable results, our ability to achieve regulatory approval for any of our product candidates may be adversely impacted. Even if we believe that we have adequate data to support an application for regulatory approval to market any of our product candidates, the FDA or other regulatory authorities may not agree and may require that we conduct additional clinical studies.

***Clinical development involves a lengthy and expensive process with an uncertain outcome.***

All of our product candidates are in preclinical development and their risk of failure is high. The clinical trials and manufacturing of our product candidates are, and the manufacturing and marketing of our products, if approved, will be, subject to extensive and rigorous review and regulation by numerous government authorities in the United States and in other countries where we intend to test and market our product candidates. Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical testing and clinical trials that our product candidates are both safe and effective for use in each target indication. In particular, because our product candidates are subject to regulation as biological products, we will need to demonstrate that they are safe, pure and potent for use in their target indications. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use.

The clinical testing that will be required for any product candidates we choose to advance is expensive and can take many years to complete, and its outcome is inherently uncertain. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. Failure can occur at any time during the clinical study process. Even if our future clinical trials are

## [Table of Contents](#)

completed as planned, we cannot be certain that their results will support the safety and effectiveness of our product candidates for their targeted indications or support continued clinical development of such product candidates. Product candidates in later stages of clinical studies may fail to show the desired safety and efficacy traits despite having progressed through preclinical and clinical studies.

In addition, even if such trials are successfully completed, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as we do, and more trials could be required before we submit our product candidates for approval. Moreover, results acceptable to support approval in one jurisdiction may be deemed inadequate by another regulatory authority to support regulatory approval in that other jurisdiction. To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates.

To date, we have not completed any clinical trials required for the approval of our product candidates. We may experience delays in initiating or conducting any future clinical studies, and we do not know whether clinical studies will begin or enroll subjects on time, will need to be redesigned, will achieve expected enrollment rates or will be completed on schedule, if at all. For example, obtaining sufficient and specific tumor tissues will be needed for the anticipated TIL clinical trial. Our inability to obtain the specific tumor tissues or sufficient amount of tumor tissues could delay the clinical trial. There can be no assurance that the FDA or comparable foreign regulatory authorities will not put clinical studies of any of our product candidates on clinical hold in the future. Clinical trials can be delayed, suspended or terminated for a variety of reasons, including in connection with:

- inability to generate sufficient preclinical, toxicology, or other in vivo or in vitro data to support the initiation of clinical trials;
- delays in sufficiently developing, characterizing or controlling a manufacturing process suitable for advanced clinical trials;
- delays in reaching agreement with the FDA or other regulatory authorities as to the design or implementation of our clinical trials;
- obtaining regulatory authorization to commence a clinical trial;
- reaching an agreement on acceptable terms with clinical trial sites or prospective CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different clinical trial sites;
- obtaining IRB or ethics committee approval at each trial site;
- recruiting suitable patients to participate in a clinical trial;
- having patients complete a clinical trial or return for post-treatment follow-up;
- inspections of clinical trial sites or operations by applicable regulatory authorities, or the imposition of a clinical hold;
- clinical sites, CROs or other third parties deviating from trial protocol or dropping out of a trial;
- failure to perform in accordance with applicable regulatory requirements, including the FDA's GCP requirements, or applicable regulatory requirements in other countries;
- addressing patient safety concerns that arise during the course of a trial, including occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- adding a sufficient number of clinical trial sites;

## [Table of Contents](#)

- manufacturing sufficient quantities of product candidate for use in clinical trials; or
- suspensions or terminations by IRBs of the institutions at which such trials are being conducted, by the Data Safety Monitoring Board for such trial or by the FDA or other regulatory authorities due to a number of factors, including those described above.

Further, a clinical trial may be suspended or terminated by us, the institutional review boards for the institutions in which such trials are being conducted, the Data Monitoring Committee for such trial, or 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 product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

We cannot predict with any certainty whether or when we might complete a given clinical trial, if at all. If we experience delays or quality issues in the conduct, completion or termination of any clinical study of our product candidates, the approval and commercial prospects of such product candidate will be harmed, and our ability to generate product revenues from such product candidate will be delayed. In addition, any delays in completing our clinical studies will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may ultimately lead to the denial of regulatory approval of our product candidates.

***Our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label or result in significant negative consequences following any regulatory approval. 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.***

Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical studies and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign regulatory authority. As a result of safety or toxicity issues that we may experience in our clinical studies, we may not continue the development of nor receive approval to market any product candidates, which could prevent us from ever generating product revenues or achieving profitability. For example, previous clinical trials utilizing a CAR T cell to treat hematologic tumors have shown an increased risk of cytokine release syndrome and immune effector cell-associated neurotoxicity syndrome. In addition, c-JUN is potentially an oncogene and could cause healthy cells to transform into malignant cells. Results of our studies could reveal an unacceptably high severity and incidence of side effects, or side effects outweighing the benefits of our product candidates. In such an event, our studies could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development or deny approval of our product candidates for any or all targeted indications. The side effects experienced could affect patient recruitment or the ability of enrolled subjects to complete the study or result in potential product liability claims.

In the event that any of our product candidates receives regulatory approval and we or others later identify undesirable or unacceptable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw or limit approvals of such products and require us to take our approved product off the market;

## [Table of Contents](#)

- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies, or issue other communications containing warnings or other safety information about the product;
- regulatory authorities may require a medication guide outlining the risks of such side effects for distribution to patients, or that we implement a risk evaluation and mitigation strategy (REMS) plan to ensure that the benefits of the product outweigh its risks;
- we may be required to change the dose or the way the product is administered, conduct additional clinical trials, or change the labeling of the product;
- we may be subject to limitations on how we may promote or manufacture the product;
- sales of the product may decrease significantly;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us or our potential future partners from achieving or maintaining market acceptance of the affected product or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenue from the sale of any products.

***Interim, topline, or preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data becomes available or as we make changes to our manufacturing processes and are subject to audit and verification procedures that could result in material changes in the final data.***

From time to time, we may publicly disclose interim, topline, or preliminary data from our preclinical studies and clinical trials, which is based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. Further, modifications or improvements to our manufacturing processes for a therapy may result in changes to the characteristics or behavior of the product candidate that could cause our product candidates to perform differently and affect the results of our ongoing clinical trials. As a result, the topline results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Topline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, topline data should be viewed with caution until the final data are available.

From time to time, we may also disclose preliminary or interim data from our preclinical studies and clinical trials. Preliminary or interim data from clinical trials are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects. Additionally, disclosure of preliminary or interim data by us or by our competitors could result in volatility in the price of our common stock.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions, or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate and our company in general. If the interim,

topline, or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, any of our potential product candidates may be harmed, which could harm our business, operating results, prospects, or financial condition.

***The FDA regulatory approval process is lengthy, time-consuming and inherently unpredictable. If we are not able to obtain required regulatory approval of our product candidates, our business will be substantially harmed.***

We expect the novel nature of our product candidates to create challenges in obtaining regulatory approval. For example, the FDA has limited experience with commercial development of T cell therapies for cancer. Accordingly, the regulatory approval pathway for our product candidates may be uncertain, complex, expensive and lengthy, and approval may not be obtained.

Prior to obtaining approval to commercialize any drug product candidate in the United States or abroad, we must demonstrate with substantial evidence from well-controlled clinical trials, and to the satisfaction of the FDA or foreign regulatory agencies, that such product candidates are safe, pure and potent for their intended uses. Results from preclinical studies and clinical trials can be interpreted in different ways. Even if we believe the preclinical or clinical data for our product candidates are promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. The FDA may also require us to conduct additional preclinical studies or clinical trials for our product candidates either prior to or after approval, or it may object to elements of our clinical development programs.

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

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

Of the large number of products in development, only a small percentage successfully complete the FDA or foreign regulatory approval processes and are commercialized. The lengthy approval and marketing authorization process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval and marketing authorization to market our product candidates, which would significantly harm our business, financial condition, results of operations and prospects.

We could also encounter delays if physicians encounter unresolved ethical issues associated with enrolling patients in clinical trials of our product candidates in lieu of prescribing existing treatments that

## [Table of Contents](#)

have established safety and efficacy profiles. Further, a clinical trial may be suspended or terminated by us, the institutional review boards for the institutions in which such trials are being conducted, the Data Monitoring Committee for such trial, or 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 product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Moreover, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, or a regulatory authority concludes that the financial relationship may have affected the interpretation of the trial, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay or rejection of the marketing application we submit. Any such delay or rejection could prevent or delay us from commercializing our current or future product candidates.

If we experience termination of, or delays in the completion of, any clinical trial of our product candidates, the commercial prospects for our product candidates will be harmed, and our ability to generate product revenue 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 revenue. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may ultimately lead to the denial of regulatory approval of our product candidates.

***Even if our product candidates obtain regulatory approval, we will be subject to ongoing 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.***

If the FDA or a comparable foreign regulatory authority approves any of our product candidates, the manufacturing processes, testing, labeling, packaging, distribution, import, export, adverse event reporting, storage, 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 for any clinical trials that we conduct post-approval, all of which may result in significant expense and limit our ability to commercialize such products. In addition, any regulatory approvals that we receive for our product candidates may also be subject to limitations on the approved indicated uses for which the 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.

Manufacturers and manufacturers' facilities are required to comply with extensive FDA and comparable foreign regulatory authority requirements, including ensuring that quality control and manufacturing procedures conform to cGMP regulations, as well as, for the manufacture of certain of our product candidates, the FDA's cGTPs for the use of human cellular and tissue products to prevent the introduction, transmission or spread of communicable diseases. As such, we and our contract manufacturers will be subject to continual review and inspections to assess compliance with cGMPs, cGTPs and adherence to commitments made in any approved marketing application. Accordingly, we

## [Table of Contents](#)

and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, quality control and distribution.

If there are changes in the application of legislation or regulatory policies, or if problems are discovered with a product or our manufacture of a product, or if we or one of our distributors, licensees or co-marketers fails to comply with regulatory requirements, the regulators could take various actions. These include issuing warning letters or untitled letters, imposing fines on us, imposing restrictions on the product or its manufacture, and requiring us to recall or remove the product from the market. The regulators could also suspend or withdraw our marketing authorizations, requiring us to conduct additional clinical trials, change our product labeling, or submit additional applications for marketing authorization. If any of these events occurs, our ability to sell such product may be impaired, and we may incur substantial additional expense to comply with regulatory requirements, which could materially adversely affect our business, financial condition and results of operations.

In addition, if we have any product candidate approved, our product labeling, advertising and promotion will be subject to regulatory requirements and continuing regulatory review. In the United States, the FDA and the Federal Trade Commission (FTC) strictly regulate the promotional claims that may be made about pharmaceutical products to ensure that any claims about such products are consistent with regulatory approvals, not misleading or false in any particular, and adequately substantiated by clinical data. The promotion of a drug product in a manner that is false, misleading, unsubstantiated, or for unapproved (or off-label) uses may result in enforcement letters, inquiries and investigations and civil and criminal sanctions by the FDA, FTC and other regulatory authorities. In particular, a product may not be promoted for uses that are not approved by the FDA as reflected in the product's approved labeling. If we receive marketing approval for a product candidate, physicians may nevertheless prescribe it to their patients in a manner that is inconsistent with the approved label. If we are found to have promoted such off-label uses, we may become subject to significant liability. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant sanctions and may result in false claims litigation under federal and state statutes, which can lead to consent decrees, civil monetary penalties, restitution, criminal fines and imprisonment, and exclusion from participation in Medicare, Medicaid and other federal and state healthcare programs. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. The government has also required that companies enter into consent decrees and/or imposed permanent injunctions under which specified promotional conduct is changed or curtailed.

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

- issue warning letters;
- issue, or require us to issue, safety-related communications, such as safety alerts, field alerts, "Dear Doctor" letters to healthcare professionals, or import alerts;
- impose civil or criminal penalties;
- suspend, limit, or withdraw regulatory approval;
- suspend any of our preclinical studies and clinical trials;
- refuse to approve pending applications or supplements to approved applications submitted by us;



## [Table of Contents](#)

- impose restrictions on our operations, including closing our and our contract manufacturers' facilities; or
- seize or detain products, refuse to permit the import or export of products, or require us to conduct a product recall.

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

Moreover, the policies of the FDA and of comparable foreign regulatory authorities may change and additional government regulations may be enacted that could prevent, limit, or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature, or extent of government regulation that may arise from future legislation or administrative 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 took 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 oversight activities such as implementing statutes through rulemaking, issuance of guidance and review and approval of marketing applications. It is difficult to predict how these orders 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 restrictions on the FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted. In addition, 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.

***We may be subject to applicable fraud and abuse, including anti-kickback and false claims, transparency, health information privacy and security and other healthcare laws. Failure to comply with such laws, may result in substantial penalties.***

We may be subject to broadly applicable healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we conduct research, market, sell and distribute any product candidates for which we obtain marketing approval. The healthcare laws that may affect us include: the federal fraud and abuse laws, including the federal anti-kickback, and false claims and civil monetary penalties laws; federal data privacy and security laws; and federal transparency laws related to ownership and investment interests and payments and/or other transfers of value made to or held by physicians (including doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals and, beginning in 2022, information regarding payments and transfers of value provided to and other healthcare professionals during the previous year. In addition, many states have similar laws and regulations that may differ from each other and federal law in significant ways, thus complicating compliance efforts. Moreover, several states require biopharmaceutical companies to comply with the biopharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures. Additionally, some state and local laws require the registration of biopharmaceutical sales representatives in the jurisdiction.

Ensuring that our operations and future business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that

governmental authorities will conclude that our business practices, including our relationships with physicians and other healthcare providers, some of whom are compensated in the form of stock options for consulting services provided, may 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 of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, disgorgement, fines, imprisonment, exclusion of products from government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and/or oversight if a corporate integrity agreement or similar agreement is executed to resolve allegations of non-compliance with these laws and the curtailment or restructuring of operations. In addition, violations may also result in reputational harm, diminished profits and future earnings.

***Changes in healthcare policies, laws and regulations may impact our ability to obtain approval for, or commercialize our product candidates, if approved.***

In the United States and some foreign jurisdictions there have been, and continue to be, several legislative and regulatory changes and proposed reforms of the healthcare system in an effort to contain costs, improve quality and expand access to care. In the United States, there have been and continue to be a number of healthcare-related legislative initiatives, as well as executive, judicial and Congressional challenges to existing healthcare laws that have significantly affected, and could continue to significantly affect, the healthcare industry. For example, the U.S. Supreme Court is currently reviewing the constitutionality of the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, together with subsequent amendments and regulations (collectively, the ACA); it is unclear when a decision will be made. 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 U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under government payor programs and review the relationship between pricing and manufacturer patient programs. We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. federal government will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

***The successful commercialization of our product candidates will depend in part on the extent to which governmental authorities and health insurers establish adequate coverage, reimbursement levels and pricing policies. Failure to obtain or maintain coverage and adequate reimbursement for our product candidates, if approved, could limit our ability to market those products and decrease our ability to generate revenue.***

The availability and adequacy of coverage and reimbursement by governmental healthcare programs such as Medicare and Medicaid, private health insurers and other third-party payors are essential for most patients to be able to afford prescription medications such as our product candidates, assuming FDA approval. Our ability to achieve acceptable levels of coverage and reimbursement for products by governmental authorities, private health insurers and other organizations will have an effect on our ability to successfully commercialize our product candidates. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a payor-by-payor basis. Reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination that a procedure is safe, effective and medically necessary; appropriate for the specific patient; cost-effective; supported by peer-reviewed medical journals; included in clinical practice guidelines; and

## [Table of Contents](#)

neither cosmetic, experimental, nor investigational. Assuming we obtain coverage for our product candidates by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. We cannot be sure that coverage and reimbursement in the United States, the European Union or elsewhere will be available for our product candidates or any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future.

Similarly, a significant trend in the healthcare industry is cost containment. Third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. As such, cost containment reform efforts may result in an adverse effect on our operations. Obtaining coverage and adequate reimbursement for our product candidates may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. Similarly, because our product candidates are physician-administered, separate reimbursement for the product itself may or may not be available. Instead, the administering physician may or may not be reimbursed for providing the treatment or procedure in which our product is used.

***We intend to rely on third parties to conduct, supervise and monitor a significant portion of our research and preclinical testing and clinical trials for our product candidates, and if those third parties do not successfully carry out their contractual duties, comply with regulatory requirements or otherwise perform satisfactorily, we may not be able to obtain regulatory approval or commercialize product candidates, or such approval or commercialization may be delayed, and our business may be substantially harmed.***

We intend to engage CROs and other third parties to conduct our planned preclinical studies or clinical trials. If any of our relationships with these third parties terminate, we may not be able to timely enter into arrangements with alternative third parties or to do so on commercially reasonable terms, if at all. Switching or adding CROs involves substantial cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we intend to carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects. Further, the performance of our CROs and other third parties conducting our trials may also be interrupted by the ongoing COVID-19 pandemic, including due to travel or quarantine policies, heightened exposure of CRO or clinical site or other vendor staff who are healthcare providers to COVID-19 or prioritization of resources toward the pandemic.

In addition, any third parties conducting our clinical trials will not be our employees, and except for remedies available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our clinical programs. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. Consequently, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase substantially and our ability to generate revenue could be delayed significantly.

We rely on these parties for execution of our preclinical studies and clinical trials, and generally do not control their activities. Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For

example, we will remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with standards, commonly referred to as GCPs, for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. If we or any of our CROs or other third parties, including trial sites, fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials complies with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP conditions. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA. The FDA may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected interpretation of the trial. The FDA may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA and may ultimately lead to the denial of marketing approval for product candidates.

***Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, approved or commercialized in a timely manner or at all, which could negatively impact our business.***

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA's ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's ability to perform routine functions. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for new biologics or modifications to cleared or approved biologics to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough FDA employees and stop critical activities.

Separately, in response to the COVID-19 pandemic, on March 10, 2020 the FDA announced its intention to postpone most inspections of foreign manufacturing facilities, and on March 18, 2020, the FDA temporarily postponed routine surveillance inspections of domestic manufacturing facilities. Subsequently, on July 10, 2020 the FDA announced its intention to resume certain on-site inspections of domestic manufacturing facilities subject to a risk-based prioritization system. The FDA intends to use this risk-based assessment system to identify the categories of regulatory activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities. Regulatory authorities outside the United States may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

## Risks Relating to Our Intellectual Property

***If we are unable to obtain and maintain sufficient intellectual property protection for our product candidates, or if the scope of the intellectual property protection is not sufficiently broad, our ability to commercialize our product candidates successfully and to compete effectively may be adversely affected.***

We rely upon a combination of patents, trademarks, trade secrets and confidentiality agreements to protect the intellectual property related to our technology and product candidates. We own or possess certain intellectual property, and other intellectual property are owned or possessed by our partners and are in-licensed to us. When we refer to “our” technologies, inventions, patents, patent applications or other intellectual property rights, we are referring to both the rights that we own or possess as well as those that we in-license, many of which are critical to our intellectual property protection and our business. If the intellectual property that we rely on is not adequately protected, competitors may be able to use our technologies and erode or negate any competitive advantage we may have.

The patentability of inventions and the validity, enforceability and scope of patents in the biotechnology field is uncertain because it involves complex legal, scientific and factual considerations, and it has in recent years been the subject of significant litigation. Moreover, the standards applied by the U.S. Patent and Trademark Office (USPTO) and non-U.S. patent offices in granting patents are not always applied uniformly or predictably. There is also no assurance that all potentially relevant prior art relating to our patents and patent applications is known to us or has been found in the instances where searching was done. We may be unaware of prior art that could be used to invalidate an issued patent or prevent a pending patent application from issuing as a patent. There also may be prior art of which we are aware, but which we do not believe affects the validity, enforceability or patentability of a claim of one of our patents or patent applications, which may, nonetheless, ultimately be found to affect the validity, enforceability or patentability of such claim. As a consequence of these and other factors, our patent applications may fail to result in issued patents with claims that cover our product candidates in the United States or in other countries.

Even if patents have issued or do successfully issue from patent applications, and even if these patents cover our product candidates, third parties may challenge the validity, enforceability or scope thereof, which may result in these patents being narrowed, invalidated or held to be unenforceable. No assurance can be given that if challenged, our patents would be declared by a court to be valid or enforceable. Even if unchallenged, our patents and patent applications or other intellectual property rights may not adequately protect our intellectual property, provide exclusivity for our product candidates or prevent others from designing around our claims. The possibility exists that others will develop products on an independent basis which have the same effect as our product candidates and which do not infringe our patents or other intellectual property rights, or that others will design around the claims of patents that we have had issued that cover our product candidates. If the breadth or strength of protection provided by our patents and patent applications with respect to our product candidates is threatened, it could jeopardize our ability to commercialize our product candidates and dissuade companies from collaborating with us.

We may also desire to seek licenses from third parties who own or have rights to intellectual property that may be useful for providing exclusivity for our product candidates, or for providing the ability to develop and commercialize a product candidate in an unrestricted manner. There is no guarantee that we will be able to obtain such licenses from third parties on commercially reasonable terms, or at all.

In addition, the USPTO and various foreign governmental or inter-governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar

provisions during and after the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete, irreversible loss of patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market, which could have a material adverse effect on our business.

United States patent applications containing or that at any time contained a claim not entitled to a priority date before March 16, 2013 are subject to the “first to file” system implemented by the America Invents Act (2011). The first to file system requires us to be cognizant going forward of the time from invention to filing of a patent application. Because patent applications in the U.S. and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our partners were the first to file any patent application related to a product candidate.

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

***The lives of our patents may not be sufficient to effectively protect our products and business.***

Patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after its first nonprovisional effective filing date. Although various extensions may be available, the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from biosimilar or generic medications. In addition, although upon issuance in the United States a patent's life can be increased based on certain delays caused by the USPTO, this increase can be reduced or eliminated based on certain delays caused by the patent applicant during patent prosecution. The patent term of certain patents can also be extended with respect to a specific product to recapture time lost in clinical trials and regulatory review by the FDA. A patent's life also can be shortened by a terminal disclaimer over an earlier filed patent or patent application. If we do not have sufficient patent life to protect our products, our business and results of operations will be adversely affected.

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

Filing, prosecuting, enforcing and defending patents on all of our product candidates in all countries throughout the world would be prohibitively expensive. Our intellectual property rights in certain countries outside the United States may be less extensive than those in the United States. In addition, the laws of certain foreign countries do not protect intellectual property rights to the same extent as laws in the United States. Consequently, we and our partners may not be able to prevent third parties from practicing our inventions in countries outside the United States, or from selling or

importing infringing products made using our inventions in other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection or where we do not have exclusive rights under the relevant patents to develop their own products and, further, may export otherwise-infringing products to territories where we and our partners have patent protection but where enforcement is not as strong as that in the U.S. These infringing products may compete with our product candidates in jurisdictions where we or our partners have no issued patents or where we do not have exclusive rights under the relevant patents, or our patent claims and other intellectual property rights may not be effective or sufficient to prevent them from so competing.

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

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, we or our partners may have limited remedies, which could materially diminish the value of such patent. If we or our partners are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected.

***If we are sued for infringing or misappropriating the intellectual property rights of third parties, the resulting litigation could be costly and time-consuming and could prevent or delay our development and commercialization efforts.***

Our commercial success depends, in part, on us and our partners not infringing the patents and proprietary rights of third parties. There is a substantial amount of litigation and other adversarial proceedings, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interference or derivation proceedings, oppositions, and inter partes and post-grant review proceedings before the USPTO and non-U.S. patent offices. Numerous U.S. and non-U.S. issued patents and pending patent applications owned by third parties exist in the fields in which we are developing, and may develop, product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of third parties' patent rights, as it may not always be clear to industry participants, including us, which patents cover various types of products, methods of making, or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform or predictable.

Third parties may assert infringement or misappropriation claims against us based on existing or future intellectual property rights, alleging that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacturing of our product candidates that we failed to identify. For example, patent applications covering our product

candidates could have been filed by others without our knowledge, since these applications generally remain confidential for some period of time after their filing date. Even pending patent applications that have been published, including some of which we are aware, could be later amended in a manner that could cover our product candidates or their use or manufacture. In addition, we may have analyzed patents or patent applications of third parties that we believe are relevant to our activities and believe that we are free to operate in relation to any of our product candidates, but our competitors may obtain issued claims, including in patents we consider to be unrelated, which may block our efforts or potentially result in any of our product candidates or our activities infringing their claims.

If we or our partners are sued for patent infringement, we would need to demonstrate that our product candidates, products and methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid or unenforceable, and we may not be able to do this. Proving that a patent is invalid is difficult and even if we are successful in the relevant proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted from other activities. If one or more claims of any issued third-party patents were held by a court of competent jurisdiction to cover aspects of our materials, formulations, methods of manufacture or methods for treatment, we could be forced, including by court order, to cease developing, manufacturing or commercializing the relevant product candidate until the relevant patent expired. Alternatively, we may desire or be required to obtain a license from such third party in order to use the infringing technology and to continue developing, manufacturing or marketing the infringing product candidate. However, we may not be able to obtain any required license on commercially reasonable terms, or at all. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property licensed to us. If we are unable to obtain a necessary license on commercially reasonable terms, or at all, our ability to commercialize our product candidates may be impaired or delayed, which could in turn significantly harm our business.

***We may face claims that we misappropriated the confidential information or trade secrets of a third party. If we are found to have misappropriated a third-party's trade secrets, we may be prevented from further using these trade secrets, which could limit our ability to develop our product candidates.***

Defending against intellectual property claims, regardless of their merit, could be costly and time consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle before a final judgment, any litigation could burden us with substantial unanticipated costs. In addition, litigation or threatened litigation could result in significant demands on the time and attention of our management team, distracting them from the pursuit of other company business. During the course of any intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions and other interim proceedings in the litigation and these announcements may have negative impact on the perceived value of our product candidates, programs or intellectual property. In the event of a successful intellectual property claim against us, we may have to pay substantial damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent, or to redesign our infringing product candidates, which may be impossible or require substantial time and monetary expenditure. In addition to paying monetary damages, we may lose valuable intellectual property rights or personnel and the parties making claims against us may obtain injunctive or other equitable relief, which could impose limitations on the conduct of our business. We may also elect to enter into license agreements in order to settle patent infringement claims prior to litigation, and any of these license agreements may require us to pay royalties and other fees that could be significant. As a result of all of the foregoing, any actual or threatened intellectual property claim could prevent us from developing or commercializing a product candidate or force us to cease some aspect of our business operations.



***We have in-licensed a significant portion of our intellectual property from our partners. If we breach any of our license agreements with these partners, we could potentially lose the ability to continue the development and potential commercialization of one or more of our product candidates.***

We hold rights under license agreements with our partners. Our discovery and development technology platforms are built, in part, around intellectual property rights in-licensed from our partners. Under our existing license agreements, we are subject to various obligations, which may include diligence obligations with respect to development and commercialization activities, payment obligations upon achievement of certain milestones and royalties on product sales. If there is any conflict, dispute, disagreement or issue of nonperformance between us and our counterparties regarding our rights or obligations under these license agreements, including any conflict, dispute or disagreement arising from our failure to satisfy diligence or payment obligations, we may be liable to pay damages and our counterparties may have a right to terminate the affected license. The termination of any license agreement with one of our partners could adversely affect our ability to utilize the intellectual property that is subject to that license agreement in our discovery and development efforts, our ability to enter into future collaboration, licensing and/or marketing agreements for one or more affected product candidates and our ability to commercialize the affected product candidates. Furthermore, disagreements under any of these license agreements may arise, including those related to:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and to the extent to which our technology and processes may infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patent and other rights to third parties under collaborative development relationships; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

These disagreements may harm our relationship with the partner, which could have negative impacts on other aspects of our business.

***We may not be successful in obtaining or maintaining necessary rights to product components and processes for our development pipeline through acquisitions and in-licenses.***

Presently we have rights to the intellectual property, through licenses from third parties and under patent applications that we own or will own, to develop our product candidates. Because our programs may involve additional product candidates that may require the use of proprietary rights held by third parties, the growth of our business will likely depend in part on our ability to acquire, in-license or use these proprietary rights.

Our product candidates may also require specific formulations, manufacturing methods, or technologies to work effectively and efficiently, and these rights may be held by others. We may be unable to acquire or in-license any compositions, methods of use, processes or other third party intellectual property rights from third parties that we identify. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms; such failure would harm our business. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In that event, we may be required to expend significant time and resources to develop or license replacement technology. We may need to cease use of the compositions or methods covered by such third-party intellectual property rights.

The licensing and acquisition of third-party intellectual property rights is a competitive area, and companies that may be more established or have greater resources than we do may also be pursuing

strategies to license or acquire third-party intellectual property rights that we may consider necessary or attractive in order to commercialize our product candidates. More established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities.

***Intellectual property discovered through government funded programs may be subject to federal regulations such as “march-in” rights, certain reporting requirements and a preference for U.S.-based companies. Compliance with such regulations may limit our exclusive rights and limit our ability to contract with non-U.S. manufacturers.***

We have acquired or licensed, or may require in the future, intellectual property rights that have been generated through the use of U.S. government funding or grant. Pursuant to the Bayh-Dole Act of 1980, the U.S. government has certain rights in inventions developed with government funding. These U.S. government rights include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U.S. government has the right, under certain limited circumstances, to require us to grant exclusive, partially exclusive, or non-exclusive licenses to any of these inventions to a third party if it determines that: (i) adequate steps have not been taken to commercialize the invention; (ii) government action is necessary to meet public health or safety needs; or (iii) government action is necessary to meet requirements for public use under federal regulations (also referred to as “march-in rights”). The U.S. government also has the right to take title to these inventions if the grant recipient fails to disclose the invention to the government or fails to file an application to register the intellectual property within specified time limits. Intellectual property generated under a government funded program is also subject to certain reporting requirements, compliance with which may require us to expend substantial resources. In addition, the U.S. government requires that any products embodying any of these inventions or produced through the use of any of these inventions be manufactured substantially in the United States. This preference for U.S. industry may be waived by the federal agency that provided the funding if the owner or assignee of the intellectual property can show that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible. This preference for U.S. industry may limit our ability to contract with non-U.S. product manufacturers for products covered by such intellectual property.

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

Third parties may infringe our patents or misappropriate or otherwise violate our intellectual property rights. Our patent applications cannot be enforced against third parties practicing the technology claimed in these applications unless and until a patent issues from the applications, and then only to the extent the issued claims cover the technology. In the future, we or our partners may elect to initiate legal proceedings to enforce or defend our or our partners' intellectual property rights, to protect our or our partners' trade secrets or to determine the validity or scope of our intellectual property rights. Any claims that we or our partners assert against perceived infringers could also provoke these parties to assert counterclaims against us or our partners alleging that we or our partners infringe their intellectual property rights or that our intellectual property rights are invalid. In patent litigation in the United States, defendant counterclaims alleging noninfringement, invalidity and/or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert noninfringement, invalidity or unenforceability of a patent. The outcome following legal assertions of noninfringement, unpatentability, invalidity and unenforceability is unpredictable. With respect to the validity of patent rights, for example, we cannot be certain that there is no invalidating prior art, of which we, our patent counsel and the patent examiner were unaware during prosecution. If

a defendant were to prevail on a legal assertion of unpatentability, invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates. Such a loss of patent protection could have a material adverse impact on our business.

Interference, derivation or opposition proceedings provoked by third parties, brought by us or our partners, or brought by the USPTO or any non-U.S. patent authority, may be necessary to determine the priority of inventions or matters of inventorship with respect to our patents or patent applications. We or our partners may also become involved in other proceedings, such as reexamination or opposition proceedings, inter partes review, post-grant review or other preissuance or post-grant proceedings in the USPTO or its foreign counterparts relating to our intellectual property or the intellectual property of others. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our product candidates. An unfavorable outcome in any of these proceedings could require us or our partners to cease using the related technology and commercializing our product candidates, or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us or our partners a license on commercially reasonable terms if any license is offered at all. Even if we or our licensors obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensors. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

Any intellectual property proceedings can be expensive and time-consuming. Our or our partners' adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our partners can. Accordingly, despite our or our partners' efforts, we or our partners may not be able to prevent third parties from infringing upon or misappropriating our intellectual property rights, particularly in countries where the laws may not protect our rights as fully as in the U.S. Even if we are successful in the relevant proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted from other activities. In addition, in an infringement proceeding, a court may decide that one or more of our patents is invalid or unenforceable, in whole or in part, may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question, and/or may require us to pay the other party attorneys' fees. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments.

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

We may in the future be subject to claims that former employees, collaborators, or other third parties have an interest in our patents or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

***If we are unable to protect the confidentiality of our trade secrets and other proprietary information, the value of our technology could be adversely affected and our business could be harmed.***

In addition to seeking the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce, and other elements of our technology, discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, including by enabling them to develop and commercialize products substantially similar to or competitive with our product candidates, thus eroding our competitive position in the market.

Trade secrets can be difficult to protect. We seek to protect our proprietary, confidential technology and processes, in part, by entering into confidentiality agreements and invention assignment agreements with our employees, consultants and outside scientific advisors, contractors and collaborators. These agreements are designed to protect our proprietary information. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors, or outside scientific advisors might intentionally or inadvertently disclose our trade secrets or confidential, proprietary information to competitors. In addition, competitors may otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. If any of our confidential proprietary information were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position.

Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, the laws of certain foreign countries do not protect proprietary rights such as trade secrets to the same extent or in the same manner as the laws of the U.S. Misappropriation or unauthorized disclosure of our trade secrets to third parties could impair our competitive advantage in the market and could adversely affect our business, results of operations and financial condition.

***We may be subject to claims that our employees, consultants or independent contractors have breached non-compete or non-solicit obligations and/or wrongfully used or disclosed confidential information of third parties.***

We have received confidential and proprietary information from third parties. In addition, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies. We may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise breached non-compete or non-solicit obligations with respect to such individuals' prior employers, or used or disclosed confidential information of these third parties or such individuals' former employers. Dealing with such claims and negotiating with potential claimants could result in substantial cost and be a distraction to our management and employees. In addition, litigation may be necessary to defend against these claims, and even if we are successful in defending against these claims, such litigation could result in further costs to us and distraction to our management and employees.

## **Risks Related to This Offering and Ownership of Our Common Stock**

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

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

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

If you purchase common stock in this offering, you will incur immediate and substantial dilution of \$ \_\_\_\_\_ per share, representing the difference between the assumed initial public offering price of \$ \_\_\_\_\_ per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and our pro forma net tangible book value per share after giving effect to this offering and reclassification of all of our outstanding common stock and redeemable convertible preferred stock into a single class of common stock prior to the closing of the offering. As of March 31, 2021, there were 40,556,956 shares of common stock issuable upon exercise of outstanding stock options with a weighted-average exercise price of \$3.92 per share. To the extent that these outstanding options are exercised, or we issue additional equity or convertible securities in the future, or the underwriters exercise their option to purchase additional shares, you will incur further dilution. See the section titled "Dilution" for a further description of the dilution you will experience immediately after this offering.

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

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

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

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

***Participation in this offering by our existing stockholders and their affiliated entities may reduce the public float for our common stock.***

To the extent certain of our existing stockholders and their affiliated entities participate in this offering, such purchases would reduce the non-affiliate public float of our shares, meaning the number of shares of our common stock that are not held by officers, directors and controlling stockholders. A reduction in the public float could reduce the number of shares that are available to be traded at any given time, thereby adversely impacting the liquidity of our common stock and depressing the price at which you may be able to sell shares of common stock purchased in this offering.

***We do not anticipate paying any dividends on our common stock for the foreseeable future. Investors in this offering may never obtain a return on their investment.***

We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, any future credit facility or debt securities may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. If we do not pay cash dividends, you could receive a return on your investment in our common stock only if you are able to sell your shares in the future and the market price of our common stock has increased when you sell your shares. As a result, investors seeking cash dividends should not purchase our common stock.

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

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

- establish that our board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- eliminate cumulative voting in the election of directors;
- authorize our board of directors to issue shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- permit stockholders to take actions only at a duly called annual or special meeting and not by unanimous written consent;
- prohibit stockholders from calling a special meeting of stockholders;
- require that stockholders give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- authorize our board of directors, by a majority vote, to amend certain provisions of the bylaws; and

## [Table of Contents](#)

- require the affirmative vote of at least \_\_\_\_\_ % or more of the outstanding shares of common stock to amend many of the provisions described above.

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

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

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

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- 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, or stockholders to us or our stockholders;
- any action asserting a claim arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation and bylaws; and
- any action asserting a claim governed by the internal affairs doctrine.

Furthermore, our amended and restated certificate of incorporation will also provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (Securities Act). However, these provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Any person purchasing or otherwise acquiring or holding any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds more favorable for disputes with us or with our directors, officers, other employees or agents, or our other stockholders, which may discourage such lawsuits against us and such other persons, or may result in additional expense to a stockholder seeking to bring a claim against us. Alternatively, if a court were to find this choice of forum provision 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, results of operations and financial condition.

***We have in the past identified a material weakness in our internal control over financial reporting. If we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may significantly harm our business and the value of our common stock.***

As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act (Section 404) requires that we evaluate and determine the effectiveness of our internal control over financial reporting. This assessment will need to include the disclosure of any material weaknesses in such internal control. A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis.

In connection with the finalization of our consolidated financial statements as of and for the year ended December 31, 2019, we and our independent auditors concluded that a material weakness existed in our internal control over financial reporting relating to the review of the technical accounting for settlement of tranche liabilities. Specifically, in connection with our Series A preferred stock financing in 2019, we recorded a correcting adjustment to increase other non-operating expense for the change in fair value of the Series A preferred tranche liability after we initially recorded the amount as a deemed dividend. There were and have been no other tranche liabilities after the settlement of this liability in February 2019.

Although we believe that we have remediated this material weakness by hiring additional accounting and financial reporting personnel and have not identified any material weaknesses in connection with the finalization of our consolidated financial statements as of and for the year ended December 31, 2020, we cannot assure you that we will not identify other material weaknesses in the future. Furthermore, we may not have identified all material weaknesses, and our current controls and any new controls that we develop may become inadequate because of changes in personnel or conditions in our business or otherwise. Accordingly, we cannot assure you that any future material weaknesses will not result in a material misstatement of our consolidated financial statements and/or our failure to meet our public reporting obligations. In addition, if we and/or our independent registered public accounting firm are unable to conclude that our internal control over financial reporting is effective in the future, investor confidence in the accuracy and completeness of our consolidated financial statements would be adversely affected, which could significantly harm our business and the value of our common stock.

#### **General Risk Factors**

***If we fail to maintain proper and effective internal controls over financial reporting our ability to produce accurate and timely consolidated financial statements could be impaired.***

Pursuant to Section 404, our management will be required to report upon the effectiveness of our internal control over financial reporting beginning with the annual report for our fiscal year ending December 31, 2021. When we lose our status as an "emerging growth company" and become an "accelerated filer" or a "large accelerated filer," our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the requirements of being a reporting company under the Exchange Act, we will need to implement additional financial and management controls, reporting systems and procedures, and hire additional accounting and finance staff.



## [Table of Contents](#)

We cannot assure you that there will not be future material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations, or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by The Nasdaq Stock Market, the U.S. Securities and Exchange Commission (SEC), or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

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

Upon the completion of this offering, we will become subject to the periodic reporting requirements of the Exchange Act. We must design our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. For example, our directors or executive officers could inadvertently fail to disclose a new relationship or arrangement causing us to fail to make a required related party transaction disclosure. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

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

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

- the timing and results of preclinical studies and clinical trials for our product candidates;
- failure or discontinuation of any of our product development and research programs;
- the success of existing or new competitive product candidates or technologies;
- results of clinical trials, or regulatory approvals of our competitors;
- commencement or termination of collaborations for our product development and research programs;
- regulatory or legal developments in the United States and other countries;
- the recruitment or departure of key personnel;
- developments or disputes including those concerning patent applications, issued patents, or other proprietary rights;

## Table of Contents

- the impact of COVID-19 on our business and on global economic conditions;
- the level of expenses related to any of our research programs or clinical development programs;
- actual or anticipated changes in our estimates as to our financial results or development timelines;
- whether our financial results, forecasts and development timelines meet the expectations of securities analysts or investors;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders, or other stockholders and the expiration of market standoff or lock-up agreements;
- changes in estimates or recommendations by securities analysts, if any, that cover our stock;
- market conditions in the healthcare sector;
- general economic, industry and market conditions; and
- the other factors described in this “Risk Factors” section.

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

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

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

***Sales of a substantial number of shares of our common stock by our existing stockholders following this offering could cause the price of our common stock to decline.***

Sales of a substantial number of shares of our common stock in the public market could occur at any time following the expiration of the market standoff and lock-up agreements or the early release of these agreements or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, and could reduce the market price of our common stock. After this offering, we will have \_\_\_\_\_ shares of common stock that will be outstanding. Of these shares, the \_\_\_\_\_ shares we are selling in this offering may be resold in the public market immediately, unless purchased by our affiliates. Substantially all of the remaining shares of our common stock that

## [Table of Contents](#)

will be outstanding after this offering are currently prohibited or otherwise restricted under securities laws, market standoff agreements entered into by our stockholders with us, or lock-up agreements entered into by our stockholders with the underwriters; however, subject to applicable securities law restrictions and excluding shares of restricted stock that will remain unvested, these shares will be able to be sold in the public market beginning 180 days after the date of this prospectus. The representatives may, in their sole discretion, release all or some portion of the shares subject to lock-up agreements at any time and for any reason. Shares issued upon the exercise of stock options outstanding under our equity incentive plans or pursuant to future awards granted under those plans will become available for sale in the public market to the extent permitted by the provisions of applicable vesting schedules, any applicable market standoff and lock-up agreements, and Rule 144 and Rule 701 under the Securities Act. See the section titled "Shares Eligible for Future Sale" for additional information.

Moreover, after this offering, holders of an aggregate of \_\_\_\_\_ shares of our common stock will have rights, subject to conditions, to require us to file registration statements with the SEC covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also plan to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance and once vested, subject to volume limitations applicable to affiliates and the lock-up agreements described in the section titled "Underwriting" in this prospectus. If any of these additional shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our common stock could decline.

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

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

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

We are an "emerging growth company" as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted by SEC rules and plan to rely on exemptions from certain disclosure requirements that are applicable to other SEC-registered public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 not being required to comply with the auditor requirements to

## [Table of Contents](#)

communicate critical audit matters in the auditor's report on the financial statements, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, the information we provide stockholders will be different than the information that is available with respect to other public companies. We have taken advantage of reduced reporting burdens in this prospectus. In particular, in this prospectus, we have provided only two years of audited financial statements and we have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

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

***Future acquisitions, strategic investments, partnerships, or alliances could be difficult to identify and integrate, divert the attention of management, disrupt our business, dilute stockholder value and adversely affect our operating results and financial condition.***

We may in the future seek to acquire or invest in businesses, products or technologies that we believe could complement or expand our technology platforms, enhance our technical capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not such acquisitions are completed. In addition, we have only limited experience in acquiring other businesses, and we may not successfully identify desirable acquisition targets, or if we acquire additional businesses, we may not be able to integrate them effectively. following the acquisition. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, as well as unfavorable accounting treatment and exposure to claims and disputes by third parties, including intellectual property claims. We also may not generate sufficient financial returns to offset the costs and expenses related to any acquisitions. In addition, if an acquired business fails to meet our expectations, our business, operating results and financial condition may suffer.

***We will incur increased costs as a result of operating as a public company. Our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.***

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting, and other expenses that we did not incur as a private company. Section 404, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements and rules of The Nasdaq Stock Market LLC (Nasdaq Listing Rules), and other applicable U.S. rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. We expect that we will need to hire additional accounting, finance and other personnel in connection with our becoming, and our efforts to comply with the requirements of being, a public company, and our management and other personnel will need to devote a substantial amount of time towards maintaining compliance with these requirements. These requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we

expect that the rules and regulations applicable to us as a public company may make it more difficult and more expensive for us to obtain director and officer liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404, we will be required to furnish a report by our management on our internal control over financial reporting beginning with our second filing of an Annual Report on Form 10-K with the SEC after we become a public company. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants, adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our consolidated financial statements.

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

As of December 31, 2020, we had federal and state net operating loss (NOLs) carryforwards of approximately \$116.1 million and \$61.2 million, respectively. Under the Tax Cuts and Jobs Act of 2017 (the Tax Act), as modified by the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), our NOLs generated in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal NOLs in tax years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the Tax Act or the CARES Act. In addition, under Sections 382 and 383 of the U.S. Internal Revenue Code of 1986, as amended (the Code), if a corporation undergoes an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period, the corporation’s ability to use its pre-change NOLs and other pre-change tax attributes (such as research and development tax credits) to offset its post-change income or taxes may be limited. We may have experienced ownership changes in the past and may experience ownership changes as a result of this offering and/or subsequent shifts in our stock ownership (some of which may be outside our control). As a result, our ability to use our pre-change NOLs and tax credits to offset post-change taxable income, if any, could be subject to limitations. Similar provisions of state tax law may also apply. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. For example, California recently imposed limits on the usability of California state NOLs and tax credits to offset California taxable income in tax years beginning after December 31, 2019 and before January 1, 2023. As a result, even if we attain profitability, we may be unable to use a material portion of our NOLs and tax credits.

***Our business and operations would suffer in the event of computer system failures or security breaches.***

Our internal computer systems, and those of our partners, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, fire, terrorism, war and telecommunication and electrical failures. We exercise little or no control over these third parties, which increases our vulnerability to problems with their systems. To the extent that any disruption or security breach results in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, the further development of our product candidates could be delayed and our business could be otherwise adversely affected.

While we have not experienced any material system failure, accident or security breach to date, we cannot assure you that our data protection efforts and our investment in information technology will prevent significant breakdowns, data leakages, breaches in our systems or other cyber incidents that could have a material adverse effect upon our reputation, business, operations or financial condition. For example, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs and the development of our product candidates could be delayed. In addition, the loss of clinical trial data for our product candidates could result in delays in our marketing approval efforts and significantly increase our costs to recover or reproduce the data. Furthermore, significant disruptions of our internal information technology systems or security breaches could result in the loss, misappropriation, and/or unauthorized access, use, or disclosure of, or the prevention of access to, confidential information (including trade secrets or other intellectual property, proprietary business information, and personal information), which could result in financial, legal, business, and reputational harm to us. For example, any such event that leads to unauthorized access, use, or disclosure of personal information, including personal information regarding our clinical trial subjects or employees, could harm our reputation directly, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information, which could result in significant legal and financial exposure and reputational damages that could potentially have an adverse effect on our business.

***Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, data protection and other losses.***

Our agreements with third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement or other liabilities relating to or arising from our contractual obligations. Large indemnity payments could harm our business and financial condition. Although we normally contractually limit our liability with respect to such obligations, we may still incur substantial liability. Any dispute with a third party with respect to such obligations could have adverse effects on our relationship with that third party and relationships with other existing or new partners, harming our business.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- the sufficiency of our existing cash to fund our future operating expenses and capital expenditure requirements;
- the accuracy of our estimates regarding expenses, revenue opportunities, capital requirements and needs for additional financing;
- the scope, progress, results and costs of developing LYL797, LYL845 or any other product candidates we may develop, and conducting preclinical studies and clinical trials, including for LYL797 and LYL845;
- the timing and costs involved in obtaining and maintaining regulatory approval of LYL797, LYL845 or any other product candidates we may develop, and the timing or likelihood of regulatory filings and approvals, including our expectation to seek special designations for our product candidates for various diseases;
- our expectations regarding GSK’s plans for the NY-ESO-1 program;
- our plans relating to commercializing LYL797, LYL845 or any other product candidates we may develop, if approved, including the geographic areas of focus and our ability to grow a sales force;
- the size of the market opportunity for LYL797, LYL845 or any other product candidates we may develop in each of the diseases we target;
- our reliance on third parties to conduct nonclinical research activities for LYL797, LYL845 or any other product candidates we may develop;
- the characteristics, safety, efficacy and therapeutic effects of LYL797, LYL845 or any other product candidates we may develop;
- our estimates of the number of patients in the United States who suffer from the diseases we target and the number of subjects that will enroll in our clinical trials;
- the progress and focus of our current and future clinical trials, and the reporting of data from those trials, including the timing thereof;
- the ability of our clinical trials to demonstrate the safety and efficacy of LYL797, LYL845 or any other product candidates we may develop, and other positive results;
- the success of competing therapies that are, or may become, available;
- developments relating to our competitors and our industry, including competing product candidates and therapies;

## [Table of Contents](#)

- our plans relating to the further development and manufacturing of LYL797, LYL845 or any other product candidates we may develop, including additional indications that we may pursue;
- existing regulations and regulatory developments in the United States and other jurisdictions;
- our potential and ability to successfully manufacture and supply LYL797, LYL845 or any other product candidates we may develop for clinical trials and for commercial use, if approved;
- the rate and degree of market acceptance of LYL797, LYL845 or any other product candidates we may develop, as well as the pricing and reimbursement of LYL797, LYL845 or any other product candidates we may develop, if approved;
- our continued reliance on third parties to conduct additional clinical trials of LYL797, LYL845 or any other product candidates we may develop, and for the manufacture of our product candidates;
- the scope of protection we are able to establish and maintain for intellectual property rights, including LYL797, LYL845 or any other product candidates we may develop;
- our ability to retain the continued service of our key personnel and to identify, hire, and then retain additional qualified personnel;
- our expectations regarding the impact of the COVID-19 pandemic on our business and operations, including clinical trials, manufacturing suppliers, collaborators, use of contract research organizations (CROs) and employees;
- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and
- our anticipated use of our existing cash, cash equivalents and marketable securities and the proceeds from this offering.

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

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



## **MARKET, INDUSTRY AND OTHER DATA**

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research, as well as from independent market research, industry and general publications and surveys, governmental agencies and publicly available information in addition to research, surveys and studies conducted by third parties. Internal estimates are derived from publicly available information released by industry analysts and third-party sources, our internal research and our industry experience, and are based on assumptions made by us based on such data and our knowledge of our industry and market, which we believe to be reasonable. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires. In addition, while we believe the industry, market and competitive position data included in this prospectus is reliable and based on reasonable assumptions, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed in the section titled "Risk Factors." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties or by us.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$ \_\_\_\_\_ million (or approximately \$ \_\_\_\_\_ million if the underwriters' option to purchase \_\_\_\_\_ additional shares of our common stock is exercised in full) based on the assumed initial public offering price of \$ \_\_\_\_\_ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ \_\_\_\_\_ per share would increase or decrease, as applicable, the net proceeds to us from this offering by approximately \$ \_\_\_\_\_ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of common stock offered by us would increase or decrease, as applicable, the net proceeds to us from this offering by approximately \$ \_\_\_\_\_ million, assuming the initial public offering price of \$ \_\_\_\_\_ per share remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to obtain additional capital to support our operations, establish a public market for our common stock and facilitate our future access to the public capital markets.

We currently intend to use the net proceeds we receive from this offering, together with our existing cash, cash equivalents and marketable securities, as follows:

- approximately \$ \_\_\_\_\_ million to fund through completion of the Phase 1 clinical trial of LYL797;
- approximately \$ \_\_\_\_\_ million to fund through completion of the Phase 1 clinical trial of LYL845;
- approximately \$ \_\_\_\_\_ million to fund other research and development efforts to further advance our Gen-R, Epi-R and cell rejuvenation technology platforms;
- approximately \$ \_\_\_\_\_ million to further expand our manufacturing capabilities for our product candidates; and
- the remainder for general corporate purposes, including working capital, operating expenses and other capital expenditures.

We may also use a portion of the net proceeds and our existing cash, cash equivalents and marketable securities to in-license, acquire, or invest in complementary businesses, technology platforms, products or assets. However, we have no current commitments or obligations to do so.

We believe, based on our current operating plan, that the net proceeds from this offering, together with our existing cash, cash equivalents and marketable securities, will be sufficient to fund our operations for at least the next \_\_\_\_\_ months following the date of this prospectus. In particular, we expect that the net proceeds from this offering will allow us to further advance our Gen-R, Epi-R and cell rejuvenation technology platforms as well as progress the development of LYL797 and LYL845. However, our expected use of proceeds from this offering described above represents our current intentions based on our present plans and business condition. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the proceeds to be received upon the closing of this offering or the actual amounts that we will spend on the uses set forth above. The net proceeds from this offering, together with our existing cash, cash equivalents and marketable securities, will not be sufficient for us to fund LYL797 and LYL845 through regulatory approval, and we anticipate needing to raise additional capital to complete the development and commercialization of LYL797 and LYL845 and any future product candidates we may develop.

---

[Table of Contents](#)

The amounts and timing of our actual expenditures will depend on numerous factors, including the time and cost necessary to conduct our planned clinical trials, the results of our planned clinical trials and other factors described in the section titled “Risk Factors” in this prospectus, as well as the amount of cash used in our operations and any unforeseen cash needs. Therefore, our actual expenditures may differ materially from the estimates described above. We may find it necessary or advisable to use the net proceeds for other purposes. We will have broad discretion over how to use the net proceeds to us from this offering. We intend to invest the net proceeds to us from this offering that are not used as described above in short-term, investment-grade, interest-bearing instruments.

## DIVIDEND POLICY

We do not anticipate declaring or paying, in the foreseeable future, any cash dividends on our capital stock. We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws, and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. In addition, our ability to pay cash dividends on our capital stock in the future may be limited by the terms of any future debt or preferred securities we issue or any credit facilities we enter into.

## CAPITALIZATION

The following table sets forth our cash, cash equivalents and marketable securities and capitalization as of December 31, 2020:

- on an actual basis;
- on a pro forma basis, giving effect to the (i) automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 194,474,431 shares of our common stock which will occur upon the closing of this offering, and the related reclassification of the carrying value of our convertible preferred stock to permanent equity upon the closing of this offering, and (ii) filing and effectiveness of our amended and restated certificate of incorporation that will be in effect immediately after the closing of this offering; and
- on a pro forma as adjusted basis, giving effect to the (i) pro forma adjustments set forth above and (ii) our receipt of net proceeds from the sale of \_\_\_\_\_ shares of common stock in this offering at the assumed initial public offering price of \$ \_\_\_\_\_ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

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

	As of December 31, 2020		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share and per share amounts)		
	(unaudited)	(unaudited)	(unaudited)
Cash, cash equivalents and marketable securities	\$692,614	\$ 692,614	\$
Series A convertible preferred stock, \$0.0001 par value per share; 97,933,475 shares authorized, 97,386,669 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	\$210,158	\$ —	\$
Series AA convertible preferred stock, \$0.0001 par value per share; 30,253,189 shares authorized, 30,253,189 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	146,325	—	
Series B convertible preferred stock, \$0.0001 par value per share; 23,929,531 shares authorized, 23,929,531 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	162,018	—	
Series C convertible preferred stock, \$0.0001 par value per share; 42,905,042 shares authorized, 42,905,042 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	492,467	—	



---

[Table of Contents](#)

- shares of our common stock reserved for future issuance under our 2021 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2021 Plan and any shares underlying outstanding stock awards granted under our 2018 Plan, that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled “Executive Compensation—Equity Benefit Plans”; and
- shares of our common stock reserved for issuance under our ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for future issuance under our ESPP.

## DILUTION

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

As of December 31, 2020, we had a historical net tangible book value (deficit) of (\$292.8) million, or (\$12.66) per share of common stock based on the 23,132,291 shares of common stock outstanding as of such date, including 7,562,503 shares subject to repurchase as of such date. Our historical net tangible book value per share represents total tangible assets less total liabilities and convertible preferred stock, which is not included within permanent equity, divided by the number of shares of common stock outstanding as of December 31, 2020, including 7,562,503 shares subject to repurchase as of such date.

Our pro forma net tangible book value as of December 31, 2020 was \$718.2 million, or \$3.30 per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by 23,132,291 shares of common stock outstanding as of such date, including 7,562,503 shares subject to repurchase as of such date, after giving effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 194,474,431 shares of our common stock and the related reclassification of the carrying value of our convertible preferred stock to permanent equity upon the closing of this offering, and (ii) the filing and effectiveness of our amended and restated certificate of incorporation that will be in effect immediately after the closing of this offering.

After giving effect to the sale by us of \_\_\_\_\_ shares of common stock in this offering at the assumed initial public offering price of \$ \_\_\_\_\_ per share, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2020 would have been \$ \_\_\_\_\_ million, or \$ \_\_\_\_\_ per share. This amount represents an immediate increase in pro forma as adjusted net tangible book value of \$ \_\_\_\_\_ per share to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value of \$ \_\_\_\_\_ per share to investors purchasing common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash paid by an investor for a share of common stock in this offering. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share	\$
Historical net tangible book deficit per share as of December 31, 2020	\$(12.66)
Pro forma increase in historical net tangible book value per share attributable to the pro forma transaction described in the preceding paragraphs	<u>15.96</u>
Pro forma net tangible book value per share as of December 31, 2020	3.30
Increase in pro forma as adjusted net tangible book value per share attributable to investors purchasing shares in this offering	<u>          </u>
Pro forma as adjusted net tangible book value per share after this offering	<u>          </u>
Dilution in pro forma as adjusted net tangible book value per share to investors purchasing shares in this offering	<u>          </u> \$

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. Each \$1.00 increase or decrease in the assumed initial public offering price of \$ \_\_\_\_\_ per share would increase or decrease, as applicable, our pro forma as adjusted net tangible book value per share after this offering by \$ \_\_\_\_\_ per share and



## [Table of Contents](#)

increase or decrease, as applicable, the dilution to investors purchasing shares in this offering by \$ \_\_\_\_\_ per share, in each case assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of common stock offered by us would increase or decrease our pro forma as adjusted net tangible book value by approximately \$ \_\_\_\_\_ per share and decrease or increase, as applicable, the dilution to investors purchasing shares in this offering by approximately \$ \_\_\_\_\_ per share, in each case assuming the assumed initial public offering price of \$ \_\_\_\_\_ per share remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

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

The foregoing discussion and tables above (other than the historical net tangible book value calculation) are based on 217,606,722 shares of common stock outstanding as of December 31, 2020 (including (i) 194,474,431 shares issuable upon the conversion of all outstanding shares of our convertible preferred stock as of December 31, 2020 and (ii) 7,562,503 shares of unvested restricted common stock subject to repurchase as of such date), and excludes:

- 34,413,889 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2020, with a weighted-average exercise price of \$3.33 per share;
- 9,278,532 shares of our common stock issuable upon the exercise of outstanding stock options granted subsequent to December 31, 2020, with a weighted-average exercise price of \$6.87 per share;
- \_\_\_\_\_ shares of our common stock reserved for future issuance under our 2021 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2021 Plan and any shares underlying outstanding stock awards granted under our 2018 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled "Executive Compensation—Equity Benefit Plans"; and
- \_\_\_\_\_ shares of our common stock reserved for issuance under our ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for future issuance under our ESPP.

To the extent that any outstanding options are exercised or new options are issued under our stock-based compensation plans, or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected consolidated financial data for the periods and as of the dates indicated. The following selected consolidated statements of operations and comprehensive loss data for the years ended December 31, 2019 and 2020, and our selected consolidated balance sheet data as of December 31, 2019 and 2020, have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. You should read the following selected financial data together with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Summary Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. The selected consolidated financial data included in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2019	2020
	(in thousands, except per share data)	
<b>Consolidated Statements of Operations and Comprehensive Loss Data</b>		
Revenue	\$ 657	\$ 7,756
Operating expenses (income):		
Research and development	63,595	182,243
General and administrative	39,151	46,881
Other operating income, net	—	(9,431)
Total operating expenses	<u>102,746</u>	<u>219,693</u>
Loss from operations	(102,089)	(211,937)
Interest income, net	8,121	5,939
Other (expense) income, net	<u>(35,409)</u>	<u>1,526</u>
Net loss	(129,377)	(204,472)
Other comprehensive gain (loss):		
Net unrealized gain (loss) on marketable securities	454	(198)
Net comprehensive loss	<u>\$ (128,923)</u>	<u>\$ (204,670)</u>
Net loss attributed to common stockholders:		
Net loss	\$ (129,377)	\$ (204,472)
Deemed dividends upon issuance or repurchase of convertible preferred stock	(1,144)	(3,582)
Net loss attributed to common stockholders	<u>\$ (130,521)</u>	<u>\$ (208,054)</u>
Net loss per common share, basic and diluted <sup>(1)</sup>	<u>\$ (24.04)</u>	<u>\$ (15.69)</u>
Weighted-average shares used to compute net loss per common share, basic and diluted <sup>(1)</sup>	<u>5,429</u>	<u>13,258</u>
Pro forma net loss per common share, basic and diluted (unaudited) <sup>(2)</sup>		<u>\$ (1.04)</u>
Weighted-average shares used to compute pro forma net loss per common share, basic and diluted (unaudited) <sup>(2)</sup>		<u>200,327</u>

(1) See Note 14 to our consolidated financial statements included elsewhere in this prospectus for a description of how we compute basic and diluted net loss per common share and the number of shares used in computing these amounts.

(2) See the subsection titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Unaudited Pro Forma Information" for an explanation of the calculations of our basic and diluted pro forma net loss per common share and the weighted-average number of shares outstanding used in the computation of the per share amount.

	As of	
	December 31,	
	2019	2020
	(in thousands)	
<b>Consolidated Balance Sheet Data</b>		
Cash, cash equivalents and marketable securities	\$ 471,032	\$ 692,614
Working capital <sup>(1)</sup>	418,214	568,262
Total assets	555,631	908,280
Total liabilities	147,576	189,840
Convertible preferred stock	519,163	1,010,968
Accumulated deficit	(129,671)	(334,143)
Total stockholders' deficit	(111,108)	(292,528)

- (1) Working capital is defined as current assets less current liabilities. See our consolidated financial statements and the related notes included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled “Selected Consolidated Financial Data,” and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion and analysis and other parts of this prospectus contain forward-looking statements based upon current beliefs, plans and expectations related to future events and our future financial performance that involve risks, uncertainties and assumptions, such as statements regarding our intentions, plans, objectives and expectations for our business. Our actual results and the timing of selected events could differ materially from those described in or implied by these forward-looking statements as a result of several factors, including those set forth in the section titled “Risk Factors.” See also the section titled “Special Note Regarding Forward-Looking Statements.”

**Overview**

We are a T cell reprogramming company dedicated to the mastery of T cells to cure patients with solid tumors. We have assembled a world-class scientific team, comprising some of the foremost leaders in the fields of oncology and ACT, including Drs. Richard Klausner, Nick Restifo, Stan Riddell and Crystal Mackall, who have collectively interrogated and elucidated the mechanisms of T cell biology and its interactions with cancer for decades. We believe the key to effective cell therapy is the mastery of the identity, fate and function of cells to create living medicines. We take a systematic, interrogative, cell biology-driven approach to overcome what we view as the two major barriers to successful ACT – (1) T cell exhaustion and (2) lack of durable stemness – through the application of our proprietary epigenetic and genetic reprogramming technology platforms, Gen-R and Epi-R. Our technology platforms are designed to be applied in a target and modality agnostic manner to CAR, TIL and TCR therapies to fundamentally improve the properties of T cells needed to eradicate solid tumors. We believe our autologous T cell therapies will generate improved, durable clinical outcomes that are potentially curative for patients with solid tumors.

We are utilizing our Gen-R and Epi-R technology platforms to develop a multi-modality product pipeline across several solid tumor indications with high unmet needs and anticipate having multiple IND submissions by . Each of our programs provide opportunities to expand into additional indications beyond the patient populations we are initially targeting. Our product candidates are summarized in the table below:

	TECHNOLOGY	TARGET	COMMERCIAL RIGHTS	INDICATION	PHASE	NEXT MILESTONE
<b>CAR</b>	Gen-R & Epi-R	ROR-1 (LYL797)	LYELL	<ul style="list-style-type: none"> <li>• NSCLC</li> <li>• TNBC</li> <li>• Other solid tumors</li> </ul>	Preclinical	Submit IND in
<b>TIL</b>	Epi-R	Polyclonal (LYL845)	LYELL	<ul style="list-style-type: none"> <li>• Multiple solid tumor histologies</li> </ul>	Preclinical	Submit IND in
<b>TCR</b>	Gen-R	NY-ESO-1*	GSK	<ul style="list-style-type: none"> <li>• Synovial sarcoma</li> <li>• Other solid tumors</li> </ul>	Preclinical	Submit IND in
	Epi-R				Preclinical	

\* Our collaborator, GSK, is developing an NY-ESO-1 TCR T cell product candidate, currently in pivotal development. While we are currently evaluating Gen-R and Epi-R in separate preclinical programs for this product candidate, together these programs could represent a single future product opportunity for GSK utilizing one or both of our technology platforms.

## [Table of Contents](#)

We were incorporated in June 2018. Our primary activities to date have included developing T cell therapies, performing research and development, acquiring technology, entering into strategic collaboration and license agreements, enabling manufacturing activities in support of our product candidate development efforts, organizing and staffing the company, business planning, establishing our intellectual property portfolio, raising capital and providing general and administrative support for these activities. All of our programs are currently in preclinical development, and we have not yet tested any product candidates in humans and do not have any products approved for sale. Since our inception, we have incurred net losses each year. Our net losses were \$129.4 million and \$204.5 million for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, we had an accumulated deficit of \$334.1 million. Our net losses resulted primarily from our research and development programs and, to a lesser extent, general and administrative costs associated with our operations.

To date, we have funded our operations primarily from the issuance and sale of our convertible preferred stock and to a lesser extent from a collaboration, and we have not generated any revenue from product sales. From June 29, 2018 (inception) through December 31, 2020, we raised an aggregate of \$980.7 million in gross proceeds from the sales of our convertible preferred stock. As of December 31, 2020, we had cash, cash equivalents and marketable securities of \$692.6 million. Based on our current operating plan, we believe that our existing cash, cash equivalents and marketable securities, together with the net proceeds from this offering, will be sufficient to meet our working capital and capital expenditure needs for at least the next months.

We anticipate that our expenses and operating losses will increase substantially over the foreseeable future. The expected increase in expenses will be driven in large part by our ongoing activities, if and as we:

- continue preclinical development of our current and future product candidates and initiate additional preclinical studies;
- commence clinical trials of our current and future product candidates;
- advance our Gen-R, Epi-R and cell rejuvenation technology platforms as well as other research and development efforts;
- attract, hire and retain qualified personnel;
- seek regulatory approval of our current and future product candidates;
- expand our manufacturing and process development capabilities;
- expand our operational, financial and management systems;
- acquire and license technology platforms;
- continue to develop, protect and defend our intellectual property portfolio; and
- incur additional legal, accounting, or other expenses in operating our business, including the additional costs associated with operating as a public company.

We believe it is critically important to own, control and continuously monitor all aspects of the cell therapy manufacturing process in order to mitigate risks the field has seen, including challenges in managing production, supply chain, patient specimen chain of custody and quality control. We made a strategic decision to invest substantial capital in building our own manufacturing facility to control our supply chain, maximize efficiencies in cell product production time, cost and quality and have the ability to rapidly incorporate disruptive advancements and new innovations. Controlling manufacturing also enables us to protect proprietary aspects of our Gen-R and Epi-R technology platforms. We view our manufacturing team and capabilities as a significant competitive advantage.

## [Table of Contents](#)

In 2019, we entered into two operating lease agreements for a combined approximately 73,000 square feet of space to develop a cell therapy manufacturing facility located in Bothell, Washington. This LyFE manufacturing center has a flexible and modular design allowing us to produce plasmid, viral vector and T cell product to control and de-risk the sequence and timing of production of the major components of our supply chain related to our product candidates. At full staffing and capacity, we expect to be able to manufacture approximately 500 infusions per year depending on product candidate mix. We anticipate the facility to be cGMP qualified by . We believe this capacity is sufficient to support our pipeline programs through pivotal studies and, if approved, early commercialization. We anticipate continued investment in our manufacturing facility and capabilities to support our operating strategy.

The global COVID-19 pandemic continues to evolve rapidly, and we will continue to monitor it closely. The extent of the impact of the COVID-19 pandemic on our business, operations and development timelines and plans remains uncertain and will depend on certain developments, including the duration and spread of the outbreak and its impact on our clinical trial plans, CROs, contract manufacturing organizations and other third parties with whom we do business, as well as its impact on regulatory authorities and our key scientific and management personnel. While the implications of the COVID-19 pandemic on our operations remain uncertain, to date, we have not experienced delays in our discovery and development activities as a result of the COVID-19 pandemic. We have closely monitored the COVID-19 pandemic and have strived to follow recommended containment and mitigation measures, including the guidance from the Centers for Disease Control and Prevention (CDC) as well as the states of California and Washington and applicable counties. For most of the pandemic, essential laboratory and support employees worked in our facilities to continue and progress experiments. We implemented preventative measures at our facilities in order to minimize the risk of employee exposure to the virus, including the following requirements: that each employee who entered a facility agreed to comply with social distancing, frequent hand washing and the requirement to wear masks. We also increased cleaning of high touch areas, provided hand sanitizing stations and implemented an employee questionnaire to ensure employee health status and to provide for limited on-site tracing if needed. Finally, commencing in early March 2020, we suspended all non-essential business travel and directed all employees who are not essential laboratory personnel to work from home. We expect to continue such measures for the near foreseeable future. We will continue to actively monitor the situation related to COVID-19 and may take further actions that alter our operations, including those that may be required by federal, state, or local authorities, or that we determine are in the best interests of our employees and other third parties with whom we do business.

We anticipate that we will need to raise additional capital in the future to fund our operations, including the commercialization of any approved product candidates. Until such time, if ever, as we can generate significant product revenue, we expect to finance our operations with our existing cash, cash equivalents and marketable securities, the net proceeds from this offering, any future equity or debt financings and upfront and milestone and royalties payments, if any, received under future licenses or collaborations. We may not be able to raise additional capital on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be adversely affected.

### **Collaboration, License and Success Payment Agreements**

Below is a summary of the key terms for certain of our collaboration and license agreements. For a more detailed description of these and our collaboration, license and success payment agreements, see the section titled “Business—Collaboration, License and Success Payment Agreements” and Notes 2 and 3 to our consolidated financial statements included elsewhere in this prospectus.

## [Table of Contents](#)

### **Fred Hutch**

In December 2018, we entered into an exclusive license agreement with Fred Hutch to access certain intellectual property for the development of CARs and TCRs. In connection with this agreement, we issued to Fred Hutch 1,075,000 shares of our common stock for total consideration of \$0.8 million.

In December 2018, we entered into a research and collaboration agreement with Fred Hutch for the development of cellular immunotherapy products. Pursuant to this agreement, we are required to fund \$12.0 million in research performed by Fred Hutch, and we recorded research and development expense of \$3.7 million and \$4.1 million for the years ended December 31, 2019 and 2020, respectively.

We also entered into a letter agreement with Fred Hutch in December 2018, pursuant to which we may be required to make success payments (Fred Hutch Success Payments) up to an aggregate of \$200.0 million based on increases in the fair market value of our Series A convertible preferred stock, or any security into which such stock has been converted or exchanged. The potential Fred Hutch Success Payments are based on multiples of increased value ranging from 10x to 50x based on a comparison of the fair value of the Series A convertible preferred stock relative to its original issuance price at pre-determined valuation measurement dates. The Fred Hutch Success Payments can be achieved over a maximum of nine years from the effective date of the agreement. The following table summarizes the potential success payments, which are payable in cash, cash equivalents or, at our discretion, publicly-tradeable shares of our common stock:

<b>Multiple of initial equity value at issuance</b>	<b>10x</b>	<b>20x</b>	<b>30x</b>	<b>40x</b>	<b>50x</b>
Per share Series A convertible preferred stock price required for payment	\$18.29	\$36.58	\$54.86	\$73.15	\$91.44
Aggregate success payment(s) (in millions)	\$ 10	\$ 40	\$ 90	\$ 140	\$ 200

The valuation measurement dates are triggered by the following events: the one-year anniversary of an initial public offering of our common stock and each two-year anniversary of the initial public offering thereafter, the closing of a change in control transaction, and the last day of the term of the success payment agreement, unless the term has ended due to the closing of a change of control transaction.

The estimated fair value of the success payments to Fred Hutch as of December 31, 2019 and 2020 was \$3.8 million and \$8.0 million, respectively. With respect to Fred Hutch success payment obligations, we recognized expense of \$0.4 million and \$4.8 million for the years ended December 31, 2019 and 2020, respectively.

### **Stanford**

In January 2019, we entered into an exclusive license agreement with Stanford to access certain intellectual property for the development of CARs and TCRs. In connection with this agreement, we paid \$400,000 in cash and issued Stanford 910,000 shares of our common stock, for total consideration of \$3.0 million, which was recorded as research and development expense for the year ended December 31, 2019. We are also required to pay Stanford an annual maintenance fee on the second anniversary of the agreement date, and each anniversary thereafter until the date of the first commercial sale of a licensed product. Under the agreement, we may also be required to make certain pre-specified development milestone payments up to an aggregate of \$3.7 million for the first licensed product for each target, and pre-specified commercial milestone payments up to an aggregate of \$2.5 million for all licensed products.

In October 2020, we entered into a research and collaboration agreement with Stanford for the development of cellular immunotherapy products. Pursuant to this agreement, we are required to fund

## [Table of Contents](#)

\$12.0 million in research performed by Stanford, and we recorded research and development expense of \$0.8 million for the year ended December 31, 2020.

We also entered into a letter agreement with Stanford in October 2020, pursuant to which we may be required to make success payments (Stanford Success Payments) up to an aggregate of \$200.0 million based on increases in the fair market value of our Series A convertible preferred stock, or any security into which such stock has been converted or exchanged. The potential Stanford Success Payments are based on multiples of increased value ranging from 10x to 50x based on a comparison of the fair value of the Series A convertible preferred stock relative to its original issuance price at pre-determined valuation measurement dates. The Stanford Success Payments can be achieved over a maximum of nine years from the effective date of the agreement. The following table summarizes the potential success payments, which are payable in cash, cash equivalents or, at our discretion, publicly-tradeable shares of our common stock:

<b>Multiple of initial equity value at issuance</b>	<b>10x</b>	<b>20x</b>	<b>30x</b>	<b>40x</b>	<b>50x</b>
Per share Series A convertible preferred stock price required for payment	\$18.29	\$36.58	\$54.86	\$73.15	\$91.44
Aggregate success payment(s) (in millions)	\$ 10	\$ 40	\$ 90	\$ 140	\$ 200

The valuation measurement dates are triggered by the following events: the one-year anniversary of an initial public offering of our common stock and each two-year anniversary of the initial public offering thereafter, the closing of a change in control transaction, and the last day of the term of the success payment agreement, unless the term has ended due to the closing of a change of control transaction.

The estimated fair value of the success payments to Stanford as of December 31, 2020 was \$8.9 million. With respect to Stanford success payment obligations, we recognized expense of \$0.6 million for the year ended December 31, 2020.

### ***GSK Collaboration Agreement***

In May 2019, we entered into a collaboration agreement with GSK, amended in June 2020 (the GSK Agreement), for potential T cell therapies that apply our platform technologies and cell therapy innovations to TCRs or CARs under distinct collaboration programs. Pursuant to the GSK Agreement, we received an upfront payment of \$45.0 million which was recorded as deferred revenue and revenue is recognized as the research and development services are rendered. For potential TCR or CAR therapies that are the subject of a collaboration program under the GSK Agreement, we are responsible for certain research and development activities, at our cost, up to GSK's option point. These are expensed as research and development as incurred. We are eligible to receive up to two one-time payments, totaling approximately \$200.0 million in aggregate, for clinical validation of Lyell's cell therapy innovations. For each cell therapy target for which there has been a joint collaboration program, we also could receive up to approximately \$400.0 million in aggregate in development and sales milestones for a target that is already within GSK's pipeline and meets certain criteria, up to approximately \$900.0 million in aggregate in development and sales milestones for all other targets, and tiered royalties on a per-product basis ranging from low to high single digits for targets that are already within GSK's pipeline and meet certain criteria, or from high single digit to low teens for all other targets. Royalties and milestones are paid once per target, even if there is more than one Lyell innovation applied to a T cell therapy directed to that target.

### ***NCI License Agreement***

In December 2020, we entered into a license agreement with NCI to access certain intellectual property for the development of treatment of human cancers. In connection with this agreement, we



paid \$100,000 upfront, and a prorated annual maintenance payment for 2020 of approximately \$3,100, for total consideration of approximately \$103,100, which was recorded in research and development expense for the year ended December 31, 2020. We are also required to pay NCI annual maintenance payments which may be credited against earned royalties. Under the agreement, we may also be required to make certain prespecified development milestone payments up to an aggregate of \$3.1 million, and pre-specified commercial milestone payments up to a maximum aggregate of \$12.0 million for all licensed products.

## **Components of Operating Results**

### ***Revenue***

We have no products approved for sale and have never generated any revenue from product sales.

To date, we have generated revenue exclusively from the recognition of a portion of the upfront payment under the GSK Agreement that we entered into in May 2019. As we continue to conduct research under the GSK Agreement, we will recognize revenue based upon our estimate of the progress made. In the future, we may generate additional revenue from other collaborations, strategic alliances, licensing agreements, product sales, or a combination of these.

### ***Operating Expenses***

#### *Research and Development*

To date, research and development expenses consist of costs incurred by us for the discovery and development of our technology platforms and product candidates and includes costs incurred in connection with strategic collaborations, costs to license technology, personnel-related costs, including stock-based compensation expense, facility and technology related costs, research and laboratory expenses, as well as other expenses, which include consulting fees and other costs. Upfront payments and milestones paid to third parties in connection with technology platforms which have not reached technological feasibility and do not have an alternative future use are expensed as incurred.

Research and development expenses also include non-cash expense related to the change in the estimated fair value of the liabilities associated with our success payments granted to Fred Hutch and Stanford. See the subsection titled “—Critical Accounting Policies and Significant Judgments and Estimates—Success Payments” below. Research and development expenses related to our success payment liabilities are unpredictable and may vary significantly from quarter to quarter and year to year due to changes in our assumptions used in the calculation.

We deploy our employee and infrastructure resources across multiple research and development programs for identifying and developing product candidates and establishing manufacturing capabilities. Due to the stage of development and number of ongoing programs and our ability to use resources across several programs, most of our research and development costs are not recorded on a program-specific basis. These include costs for personnel, laboratory and other indirect facility and operating costs.

Research and development activities account for a significant portion of our operating expenses. We anticipate that our research and development expenses will increase over the foreseeable future as we expand our research and development efforts including completing preclinical studies, commencing clinical trials, completing clinical trials, seeking regulatory approval of our product candidates, identifying new product candidates, and incurring costs to acquire and license technology platforms. A change in the

## [Table of Contents](#)

outcome of any of these variables could mean a significant change in the costs and timing associated with the development of our product candidates. Because all of our product candidates are still in preclinical development and the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the preclinical development, clinical development and commercialization of product candidates or whether, or when, we may achieve profitability.

Our research and development expenses may vary significantly based on factors such as:

- the number and scope of preclinical and IND-enabling studies;
- per patient trial costs;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the cost and timing of manufacturing our product candidates;
- the phase of development of our product candidates;
- the efficacy and safety profile of our product candidates;
- the extent to which we establish additional collaboration or license agreements; and
- whether we choose to partner any of our product candidates and the terms of such partnership.

A change in the outcome of any of these variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. We may never succeed in obtaining regulatory approval for any of our product candidates. We may obtain unexpected results from our preclinical studies and future clinical trials.

### *General and Administrative*

General and administrative costs include personnel-related expenses, including stock-based compensation expense, for personnel in executive, legal, finance and other administrative functions, legal costs, transaction costs related to collaboration and licensing agreements, as well as fees paid for accounting and tax services, consulting fees and facilities costs not otherwise included in research and development expenses. Legal costs include those related to corporate and patent matters.

We anticipate that our general and administrative expenses will increase over the foreseeable future to support our continued research and development activities, operations generally, future business development opportunities, consulting fees, as well as due to the increased costs of operating as a public company such as costs related to accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance costs and investor and public relations costs.

### *Other Operating Income, Net*

Other operating income, net consists primarily of gains recorded on the sale of assets and upon lease remeasurement.

[Table of Contents](#)**Interest Income, Net**

Interest income, net consists primarily of interest earned on our cash, cash equivalents and marketable securities balance.

**Other (Expense) Income, Net**

Other (expense) income, net consists primarily of the changes in the fair value of our convertible preferred tranche liabilities and equity warrants held.

**Deemed Dividends Upon Issuance or Repurchase of Convertible Preferred Stock**

For the year ended December 31, 2019, deemed dividends upon issuance or repurchase of convertible preferred stock consists of the amount by which the fair value of the convertible preferred stock, not subject to our convertible preferred stock tranche liabilities from our Series A convertible preferred stock financing, exceeded the cash proceeds from the sale and issuance of such convertible preferred stock. For the year ended December 31, 2020, deemed dividends upon issuance or repurchase of convertible preferred stock consists of the amount by which the cash paid for the repurchase of convertible preferred stock exceeded the carrying value of such convertible preferred stock.

**Results of Operations****Comparison of the Years Ended December 31, 2019 and 2020**

The following table summarizes our results of operations for the periods presented (in thousands):

	Year Ended December 31,		Change
	2019	2020	
Revenue	\$ 657	\$ 7,756	\$ 7,099
Operating expenses (income):			
Research and development	63,595	182,243	118,648
General and administrative	39,151	46,881	7,730
Other operating income, net	—	(9,431)	(9,431)
Total operating expenses	102,746	219,693	116,947
Loss from operations	(102,089)	(211,937)	(109,848)
Interest income, net	8,121	5,939	(2,182)
Other (expense) income, net	(35,409)	1,526	36,935
Net loss	<u>\$(129,377)</u>	<u>\$(204,472)</u>	<u>\$ (75,095)</u>
Net loss attributed to common stockholders:			
Net loss	\$(129,377)	\$(204,472)	\$ (75,095)
Deemed dividends upon issuance or repurchase of convertible preferred stock	(1,144)	(3,582)	(2,438)
Net loss attributed to common stockholders	<u>\$(130,521)</u>	<u>\$(208,054)</u>	<u>\$ (77,533)</u>

**Revenue**

Revenue was \$0.7 million and \$7.8 million for the years ended December 31, 2019 and 2020, respectively. Revenue recognized for the years ended December 31, 2019 and 2020 was related to the

## [Table of Contents](#)

recognized portion of the upfront license fee pursuant to the GSK Agreement, which was effective in July 2019. The increase of \$7.1 million is due to the longer recognition period as we performed a full year of research and development activities under the GSK Agreement for the year ended December 31, 2020 compared to only a portion of the year for the year ended December 31, 2019.

### *Research and Development Expenses*

The following table summarizes the components of our research and development expenses for the periods presented (in thousands):

	Year Ended December 31,		Change
	2019	2020	
Collaborations and licenses	\$10,392	\$ 79,015	\$ 68,623
Personnel	31,634	54,112	22,478
Facilities and technology	11,378	24,560	13,182
Research and laboratory	8,355	17,914	9,559
Success payments	436	5,337	4,901
Other	1,400	1,305	(95)
<b>Total research and development expenses</b>	<b>\$63,595</b>	<b>\$182,243</b>	<b>\$118,648</b>

Research and development expenses were \$63.6 million and \$182.2 million for the years ended December 31, 2019 and 2020, respectively. The increase of \$118.6 million was primarily due to:

- an increase of \$68.6 million associated with collaborative agreements and license agreements primarily related to the commitment agreement upfront payment to PACT of \$63.6 million, consisting of the \$50.0 million upfront payment and \$13.6 million deemed to be the difference between the purchase price of the preferred stock shares we purchased from PACT and the associated value of the preferred shares, and \$7.5 million in acquired in-process research and development expense related to the asset acquisition of Immulus, Inc. (Immulus), recorded for the year ended December 31, 2020;
- an increase in personnel-related expenses of \$22.5 million, including \$10.1 million of stock-based compensation expense, which was primarily related to an increase in headcount to expand our research and development capabilities;
- an increase in facilities and technology costs of \$13.2 million including rent, depreciation, information technology related expenses and other allocated overhead costs;
- an increase in research and laboratory of \$9.6 million, including laboratory supplies, preclinical studies, and other external research expenses; and
- an increase of \$4.9 million associated with our Fred Hutch and Stanford success payments liabilities.

### *General and Administrative Expenses*

General and administrative expenses were \$39.2 million and \$46.9 million for the years ended December 31, 2019 and 2020, respectively. The increase of \$7.7 million was primarily due to an increase of \$7.4 million in stock-based compensation expense primarily related to award modifications. Additionally, facilities and information technology related expenses increased \$2.9 million. These increases were partially offset by a decrease in consulting and legal costs of \$1.6 million.

## [Table of Contents](#)

### *Other Operating Income, Net*

For the year ended December 31, 2020, other operating income, net consisted primarily of a gain recorded on the sale of assets of \$4.9 million and a gain recorded upon lease remeasurement of \$2.9 million.

### *Interest Income, Net*

Interest income, net, was \$8.1 million and \$5.9 million for the years ended December 31, 2019 and 2020, respectively. The decrease of \$2.2 million was due to lower interest rates on cash, cash equivalents, and marketable securities balances, partially offset by higher average cash, cash equivalents and marketable securities balances in 2020 compared to 2019.

### *Other (Expense) Income, Net*

For the year ended December 31, 2019, other (expense) income, net consisted primarily of expense recorded due to the change in fair value of our convertible preferred tranche liabilities of \$35.4 million. For the year ended December 31, 2020, other (expense) income, net consisted primarily of the addition and the change in fair value of equity warrants held of \$1.3 million.

## **Unaudited Pro Forma Information**

Immediately prior to the completion of this offering, all outstanding shares of our convertible preferred stock will convert into shares of our common stock. The unaudited pro forma basic and diluted net loss per common share for the year ended December 31, 2020 was computed using the weighted average number of shares of common stock outstanding, including the pro forma effect of the conversion of all outstanding shares of convertible preferred stock into shares of common stock, as if such conversion had occurred at the beginning of the period, or their issuance dates if later. Pro forma net loss per share does not include the shares expected to be sold in this offering.

The following table sets forth the computation of the unaudited pro forma basic and diluted net loss per common share for the period presented:

	Year ended December 31, 2020
<b>Numerator</b>	
Net loss attributed to common stockholders	\$ (208,054)
<b>Denominator</b>	
Weighted-average common shares outstanding	13,258
Weighted-average convertible preferred stock	187,069
Pro forma weighted-average shares outstanding, basic and diluted	200,327
Pro forma net loss per common share, basic and diluted	\$ (1.04)

## **Liquidity and Capital Resources**

### **Sources of Liquidity**

Since our inception, we have funded our operations primarily through the sale and issuance of convertible preferred stock. As of December 31, 2020, we had \$692.6 million in cash, cash equivalents and marketable securities. Since our inception, we have incurred significant operating losses. We have not yet commercialized any product candidates and we do not expect to generate revenue from sales

of any product candidates for a number of years, if ever. We had an accumulated deficit of \$334.1 million as of December 31, 2020. From June 29, 2018 (inception) through December 31, 2020, we raised an aggregate of \$980.7 million in gross proceeds from the sales of our convertible preferred stock.

### **Future Funding Requirements**

We expect to incur additional losses in the foreseeable future as we conduct and expand our research and development efforts, including conducting preclinical studies and clinical trials, developing new product candidates, establishing internal manufacturing capabilities and funding our operations generally. Based on our current operating plan, we believe that our existing cash, cash equivalents and marketable securities, together with the net proceeds from this offering, will be sufficient to meet our working capital and capital expenditure needs for at least the next . However, we anticipate that we will need to raise additional capital in the future to fund our operations, including the commercialization of any approved product candidates. We are subject to the risks typically related to the development of new products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business.

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

- the scope, timing, progress, costs and results of discovery, preclinical development and clinical trials for our current and future product candidates;
- the number of clinical trials required for regulatory approval of our current and future product candidates;
- the costs, timing and outcome of regulatory review of any of our current and future product candidates;
- the cost of manufacturing clinical and commercial supplies of our current and future product candidates;
- the costs and timing of future commercialization activities, including manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- further investment to build additional manufacturing facilities or expand the capacity of our existing ones;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- our ability to maintain existing, and establish new, collaborations, licenses, product acquisitions or other strategic transactions and the fulfillment of our financial obligations under any such agreements, including the timing and amount of any success payment, future contingent, milestone, royalty, or other payments due under any such agreement;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- expenses to attract, hire and retain, skilled personnel;
- the costs of operating as a public company;
- addressing any potential interruptions or delays resulting from factors related to the COVID-19 pandemic;
- addressing or responding to any potential disputes or litigation; and
- the extent to which we acquire or invest in businesses, products and technology platforms.

## [Table of Contents](#)

Until such time as we complete preclinical and clinical development and receive regulatory approval of our product candidates and can generate significant revenue from product sales, if ever, we expect to finance our operations from the sale of additional equity or debt financings, or other capital which come in the form of strategic collaborations, licensing, or other arrangements. In the event that additional capital is required, we may not be able to raise it on terms acceptable to us, or at all. If we raise additional funds through the issuance of equity or convertible debt securities, it may result in dilution to our existing stockholders. Debt financing or preferred equity financing, if available, may result in increased fixed payment obligations, and the existence of securities with rights that may be senior to those of our common stock. If we incur indebtedness, we could become subject to covenants that would restrict our operations. If we raise funds through strategic collaboration, licensing, or other arrangements, we may relinquish significant rights or grant licenses on terms that are not favorable to us. Our ability to raise additional funds may be adversely impacted by potential worsening global economic conditions and the recent disruptions to, and volatility in, the credit and financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic and otherwise. If we are unable to raise additional capital when desired, our business, results of operations and financial condition would be adversely affected.

### Cash Flows

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

	Year Ended December 31,	
	2019	2020
Net cash provided by (used in):		
Operating activities	\$ 39,474	\$ (160,874)
Investing activities	(422,433)	(273,516)
Financing activities	351,156	476,790
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>\$ (31,803)</u>	<u>\$ 42,400</u>

#### *Operating Activities*

During the year ended December 31, 2019, net cash provided by operating activities was \$39.5 million, consisting primarily of the upfront payment received in connection with the GSK Agreement of \$103.6 million. This was partially offset by our net loss of \$129.4 million reduced by non-cash adjustments to reconcile net loss to net cash provided by operating activities of \$58.0 million. The non-cash adjustments to reconcile net loss to net cash provided by operating activities consisted primarily of a loss of \$35.4 million associated with the remeasurement of our convertible preferred stock tranche liabilities from our Series A convertible preferred stock financing, stock-based compensation expense of \$15.7 million, \$3.6 million for the issuance of stock in connection with license agreements and \$3.1 million in non-cash lease expense.

During the year ended December 31, 2020, net cash used in operating activities was \$160.9 million, consisting primarily of our net loss of \$204.5 million, partially offset by non-cash adjustments to reconcile net loss to net cash used in operating activities of \$43.9 million. These adjustments consisted primarily of stock-based compensation expense of \$33.3 million, \$5.3 million for revaluation of our success payment liabilities to Fred Hutch and Stanford, depreciation and amortization of \$4.3 million, \$3.5 million in non-cash acquired in-process research and development expense related to the asset acquisition of Immutus, and non-cash lease expense, net of gain on lease remeasurement, of \$3.2 million, partially offset by a non-cash gain of \$4.9 million recorded on the sale of assets to Outpace Bio, Inc. (Outpace). Additionally, we recognized \$7.8 million of non-cash revenue for the year ended December 31, 2020.

## [Table of Contents](#)

### *Investing Activities*

During the year ended December 31, 2019, cash used in investing activities was \$422.4 million, consisting of net purchases, sales and maturities of marketable securities of \$372.4 million, purchases of other investments of \$34.0 million and purchases of property and equipment of \$16.0 million.

During the year ended December 31, 2020, cash used in investing activities was \$273.5 million, consisting of net purchases, sales and maturities of marketable securities of \$178.6 million, purchases of other investments of \$43.4 million and purchases of property and equipment of \$51.5 million.

### *Financing Activities*

During the year ended December 31, 2019, cash provided by financing activities was \$351.2 million, consisting primarily of net proceeds from the sale of our convertible preferred stock.

During the year ended December 31, 2020, cash provided by financing activities was \$476.8 million, consisting primarily of \$492.5 million in net proceeds from the sale of our convertible preferred stock, partially offset by the repurchase of preferred and common stock of \$16.1 million.

## **Contractual Obligations and Commitments**

The following table summarizes our significant contractual obligations and commitments as of December 31, 2020 (in thousands):

	Payments Due by Period				Total
	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years	
Operating lease obligations <sup>(1)</sup>	\$ 10,096	\$ 21,788	\$ 23,283	\$ 58,962	\$ 114,129
Collaboration minimum funding <sup>(2)</sup>	7,362	6,857	1,714	—	15,933
Total contractual obligations	<u>\$ 17,458</u>	<u>\$ 28,645</u>	<u>\$ 24,997</u>	<u>\$ 58,962</u>	<u>\$ 130,062</u>

(1) Represents future minimum lease payments under our operating leases as of December 31, 2020, excluding expected tenant incentives to be received. The minimum lease payments above do not include any related common area maintenance charges, real estate taxes and other executory costs.

(2) Represents non-cancellable minimum funding requirements related to certain collaboration agreements.

Other than disclosed in the table above, payment obligations under our license, collaboration and acquisition agreements as of December 31, 2020 are contingent upon future events such as our achievement of pre-defined development, regulatory and commercial milestones, or royalties on net product sales. See the section titled “Business—Collaboration, License and Success Payment Agreements” for more information about these payment obligations. As described under the subsection titled “—Critical Accounting Policies and Significant Judgments and Estimates—Success Payments” below, we are also obligated to make up to \$200.0 million in success payments to Fred Hutch and up to \$200.0 million in success payments to Stanford based on increases in the per share fair value of our Series A convertible preferred stock, or any security into which such stock has been converted or for which it has been exchanged. The success payments are payable in cash or cash equivalents or, at our discretion, publicly-tradeable shares of our common stock. As of December 31, 2020, the timing and likelihood of achieving the milestones and success payments and generating future product sales are uncertain and therefore, any related payments are not included in the table above.

## **Off-Balance Sheet Arrangements**

Since our inception, we did not have, and we do not currently have, any off-balance sheet arrangements as defined under the rules and regulations of the SEC.



## **JOBS Act Accounting Election**

We are an “emerging growth company,” as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and intend to rely on certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statement, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved. In particular, in this prospectus, we have provided only two years of audited consolidated financial statements and have not included all of the executive compensation-related information that would be required if we were not an emerging growth company. In addition, 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 elected to use the extended transition period in which we remain an emerging growth company; however, we may adopt certain new or revised accounting standards early. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

## **Critical Accounting Policies and Significant Judgments and Estimates**

Our audited consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements, as well as the reported revenue and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. While our significant accounting policies are described in more detail in the notes to our audited consolidated financial statements included elsewhere in this prospectus, we believe that the following accounting policies are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management’s judgments and estimates.

### **Revenue**

We recognize revenue when our customer obtains control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods and services. To determine revenue recognition for arrangements within the scope of Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, (ASC 606), we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the performance obligation is satisfied.

In applying the ASC 606 framework, we must apply judgment to determine the nature of the promises within a revenue contract and whether those promises represent distinct performance obligations. In determining the transaction price, we do not include amounts subject to uncertainties unless it is probable that there will be no significant reversal of cumulative revenue when the uncertainty is resolved. Milestone and other forms of variable consideration that we may earn are subject to significant uncertainties of research and development related achievements, which generally

## [Table of Contents](#)

are deemed to be not probable until such milestones are actually achieved. Additionally, we develop assumptions that require judgment to determine the standalone selling price of each performance obligation identified in the contract. We then allocate the total transaction price to each performance obligation based on the estimated standalone selling prices of each performance obligation, for which we recognize revenue as or when the performance obligations are satisfied. At the end of each subsequent reporting period, we re-evaluate the variable consideration and any related constraint and, if necessary, adjust our estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis.

Revenue allocated to performance obligations is recognized using an estimate of the percentage of completion of the project based on the costs incurred on the project as a percentage of the total expected costs. The determination of the percentage of completion requires management to estimate the costs to complete the project. A detailed estimate of the costs to complete is reassessed every reporting period based on the latest project plan and discussions with project teams. If a change in facts or circumstances occurs, the estimate will be adjusted and the revenue will be recognized based on the revised estimate. The difference between the cumulative revenue recognized based on the previous estimate and the revenue recognized based on the revised estimate would be recognized as an adjustment to revenue in the period in which the change in estimate occurs. Determining the estimate of the cost-to-complete requires significant judgment and may have a significant impact on the amount and timing of revenue recognition.

### **Research and Development Expenses**

We record research and development costs in the periods in which they are incurred. We accrue for research and development costs based on the estimated services performed, but not yet invoiced, pursuant to contracts with research institutions or other service providers that conduct and manage preclinical studies and other research services on our behalf and record these costs in accrued liabilities and other current liabilities. We make judgments and estimates in determining the accrued liabilities balance at each reporting period. Payments made prior to the receipt of goods or services to be used in research and development are recorded as prepaid expenses until the goods or services are received.

Research and development costs also include the estimated fair value of the potential liabilities associated with the rights to success payments granted to Fred Hutch and Stanford.

To date, we have not experienced any material differences between accrued costs and actual costs incurred. However, the status and timing of actual services performed may vary from our estimates, resulting in adjustments to expense in future periods. Changes in these estimates that result in material changes to our accruals could materially affect our results of operations.

### **Success Payments**

We granted rights to success payments to Fred Hutch and Stanford pursuant to the terms of our collaboration agreements with each of those entities. Pursuant to the terms of these agreements, on each contractually prescribed measurement date, we may be required to make success payments based on increases in the estimated per share fair value of our Series A convertible preferred stock, or any security into which such stock has been converted or for which it has been exchanged, payable in cash or cash equivalents or, at our discretion, publicly-tradeable shares of our common stock. The success payments are accounted for under ASC 718, *Compensation – Stock Compensation*, with the expense being recorded in research and development expenses. Once the service period is complete, the instrument will be accounted for under ASC 815, *Derivatives and Hedging*, and continue to be remeasured each reporting period with all changes in value recognized immediately in other income or expense.

The success payment liability is estimated at fair value at inception and at each reporting period, and the expense is accreted over the remaining service period of the collaboration agreement. To determine the estimated fair value of the success payments, we use a Monte Carlo simulation methodology which models the future movement of stock prices based on several key variables combined with empirical knowledge of the process governing the behavior of the stock price. The following variables were incorporated in the estimated fair value of the success payment liability: estimated fair value of the Series A convertible preferred stock, expected volatility, risk-free interest rate and the estimated number and timing of valuation measurement dates on the basis of which payments may be triggered. The computation of expected volatility was estimated based on available information about the historical volatility of stocks of similar publicly traded companies for a period matching the expected term assumption.

The assumptions used to estimate the fair value of the success payment liability are subject to a significant amount of judgment including the estimated fair value of the Series A convertible preferred stock, expected volatility of our common stock, estimated term and estimated number of valuation measurement dates. A small change in the assumptions, or a change in our stock price, may have a relatively large change in the estimated fair value of the success payment liability.

### **Stock-Based Compensation**

We recognize compensation costs related to restricted stock awards and stock options granted to employees and nonemployees based on the estimated fair value of the awards on the date of grant, and we recognize forfeitures as they occur. For restricted stock awards the fair value of our common stock is used to determine the resulting stock-based compensation expense. For stock options we estimate the grant date fair value, and the resulting stock-based compensation expense, using the Black-Scholes option pricing model. The fair value of the stock-based awards is recognized as an expense on a straight-line basis over the requisite service period, which is generally the vesting period.

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

- *Fair Value of Common Stock*—See the subsection titled “—Common Stock Valuations” below.
- *Expected Term*—The expected term represents the period that the stock-based awards are expected to be outstanding. We use the simplified method to determine the expected term, which is based on the average of the time-to-vesting and the contractual life of the options.
- *Expected Volatility*—Since we are not yet a public company and do not have any trading history for our common stock, the expected volatility is estimated based on the average historical volatilities of common stock of comparable publicly traded entities over a time period equal to the expected term of the stock option grants. The comparable companies are chosen based on their size, stage in the product development cycle and area of specialty. We will continue to apply this process until sufficient historical information regarding the volatility of our own stock price becomes available.
- *Risk-Free Interest Rate*—The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term of the awards.
- *Expected Dividend*—We have never paid dividends on our common stock and have no plans to pay dividends on our common stock. Therefore, we used an expected dividend yield of zero.

See Note 12 to our consolidated financial statements included elsewhere in this prospectus for information concerning certain of the specific assumptions we used in applying the Black-Scholes

## [Table of Contents](#)

option pricing model to determine the estimated fair value of our stock options granted in the years ended December 31, 2019 and 2020. Such assumptions involve inherent uncertainties and the application of significant judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our stock-based compensation expense could be materially different.

The intrinsic value of all outstanding options as of \_\_\_\_\_, 2021 was approximately \$ \_\_\_\_\_ million, based on the assumed initial public offering price of \$ \_\_\_\_\_ per share, of which approximately \$ \_\_\_\_\_ million is related to vested options and approximately \$ \_\_\_\_\_ million is related to unvested options.

### **Common Stock Valuations**

Prior to this offering, we were a privately-held company with no active public market for our common stock. Therefore, our board of directors, with the assistance and upon the recommendation of management, has for financial reporting purposes periodically determined the estimated per share fair value of our common stock on the date of grant in part using contemporaneous independent third-party valuations consistent with the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation* (Practice Aid). Within the contemporaneous valuations performed by our board of directors, a range of factors, assumptions and methodologies were used. The significant objective and subjective factors included, but are not limited to:

- our most recently available valuations of our common stock performed by an independent third-party valuation firm;
- the prices of shares of our convertible preferred stock sold to investors in arm's length transactions, and the rights, preferences, and privileges of our convertible preferred stock relative to our common stock;
- committed future rounds of funding;
- our stage of development and material risks related to our business;
- our results of operations and financial position, including our levels of available capital resources;
- progress of our research and development activities;
- the lack of marketability of our common stock as a private company;
- the hiring of key personnel and the experience of management;
- the likelihood of achieving a liquidity event of an initial public offering for our stockholders, given prevailing market conditions;
- the valuation of publicly traded companies in the life sciences and biotechnology sectors;
- the status of strategic transactions, including the acquisition of intellectual property and technology;
- trends and developments in our industry; and
- external market conditions affecting the life sciences and biotechnology industry sectors.

Our board of directors exercises significant judgment in estimating the fair value of our common stock. Such estimates involve inherent uncertainties and the application of significant judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our stock-based compensation could be materially different. Changes in judgments could have a material impact on our results of operations.

## [Table of Contents](#)

For our valuations performed in 2019 and prior to September 2020, in accordance with the Practice Aid, we determined the option pricing model (OPM) method was the most appropriate method for determining the fair value of our common stock based on our stage of development and other relevant factors. In an OPM framework, the backsolve method for inferring the equity value implied by a recent financing transaction involves making assumptions for the expected time to liquidity, volatility, discount for lack of marketability and risk-free rate and then solving for the value of equity such that value for the most recent financing equals the amount paid.

For our valuations performed in or subsequent to September 2020, in accordance with the Practice Aid, we determined the hybrid method of the OPM method and an initial public offering scenario was the most appropriate method for determining the fair value of our common stock based on our stage of development and other relevant factors. The initial public offering scenario reflected the value of our common shares assuming we complete a near-term initial public offering. Under the hybrid OPM and initial public offering scenario method, the per share value calculated under the OPM and the initial public offering scenario are weighted based on expected exit outcomes and the quality of the information specific to each allocation methodology to arrive at a final estimated fair value per share value of the common stock before a discount for lack of marketability is applied.

Following the closing of this offering, our board of directors will determine the fair market value of our common stock based on its closing price as reported on the date of grant on the primary stock exchange on which our common stock is traded.

### **Internal Control over Financial Reporting**

In connection with the audit of our 2019 consolidated financial statements, we and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting relating to the review of the technical accounting for settlement of tranche liabilities. While we believe that we have remediated this material weakness by hiring additional accounting and financial reporting personnel and have not identified any material weaknesses in connection with the finalization of our 2020 consolidated financial statements, we cannot assure you that we will not identify other material weaknesses in the future. See the section titled “Risk Factors— We have in the past identified a material weakness in our internal control over financial reporting. If we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may significantly harm our business and the value of our common stock.” Pursuant to Section 404, our management will be required to report upon the effectiveness of our internal control over financial reporting beginning with the annual report for our fiscal year ending December 31, 2022. When we lose our status as an “emerging growth company” and become an “accelerated filer” or a “large accelerated filer,” our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting.

### **Recently Adopted and Recent Accounting Pronouncements**

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for information about recent accounting pronouncements, the timing of their adoption, and our assessment, to the extent we have made one yet, of their potential impact on our financial condition or results of operations.

### **Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks in the ordinary course of our business. Our primary risks include interest rate sensitivities.

### ***Interest Rate Risk***

We had cash, cash equivalents and restricted cash of \$140.9 million as of December 31, 2020, which consisted of bank deposits and money market funds. We also had marketable securities of \$552.2 million as of December 31, 2020. The primary objective of our investment activities is to preserve capital to fund our operations while earning a low-risk return. Because our marketable securities are primarily short-term in duration, we believe that our exposure to interest rate risk is not significant, and a hypothetical 1% change in market interest rates during any of the periods presented would not have had a material effect on our consolidated financial statements included elsewhere in this prospectus. We had no debt outstanding as of December 31, 2020.

### ***Foreign Currency Exchange Risk***

All of our employees and our operations are currently located in the United States and our expenses are generally denominated in U.S. dollars. We therefore are not currently exposed to significant market risk related to changes in foreign currency exchange rates. However, we have contracted with and may continue to contract with non-U.S. vendors who we may pay in local currency. Our operations may be subject to fluctuations in foreign currency exchange rates in the future. To date, foreign currency transaction gains and losses have not been material to our consolidated financial statements, and we have not had a formal hedging program with respect to foreign currency. We believe a hypothetical 1% change in exchange rates during any of the periods presented would not have a material effect on our consolidated financial statements included elsewhere in this prospectus.

### ***Effects of Inflation***

Inflation generally affects us by increasing our cost of labor and in the future our clinical trial costs. We believe that inflation has not had a material effect on our consolidated financial statements included elsewhere in this prospectus.

### **JOBS Act**

As an emerging growth company under the JOBS Act, we can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates. We also intend to rely on other exemptions provided by the JOBS Act, including without limitation, not being required to comply with the auditor attestation requirements of Section 404.

We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year following the fifth anniversary of the consummation of this offering, (ii) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.07 billion, (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

## BUSINESS

### Overview

We are a T cell reprogramming company dedicated to the mastery of T cells to cure patients with solid tumors. We have assembled a world-class scientific team, comprising some of the foremost leaders in the fields of oncology and ACT, including Drs. Rick Klausner, Nick Restifo, Stan Riddell and Crystal Mackall, who have collectively interrogated and elucidated the mechanisms of T cell biology and its interactions with cancer for decades. We believe the key to effective cell therapy is the mastery of the identity, fate and function of cells to create living medicines. We take a systematic, interrogative, cell biology-driven approach to overcome what we view as the two major barriers to successful ACT – (1) T cell exhaustion and (2) lack of durable stemness – through the application of our proprietary epigenetic and genetic reprogramming technologies, Gen-R and Epi-R. Our technologies are designed to be applied in a target and modality agnostic manner to CAR, TIL and TCR therapies to fundamentally improve the properties of T cells needed to eradicate solid tumors. We believe our autologous T cell therapies will generate improved, durable clinical outcomes that are potentially curative for patients with solid tumors. We are building a multi-modality product pipeline across several solid tumor indications with high unmet needs and anticipate having multiple IND submissions by .

### Our Technology Platforms

ACT has demonstrated profound results in some patients suffering from hematologic tumors, but solid tumors are more complex and have evolved multiple mechanisms to evade and ultimately overcome the immune system, limiting the use of ACTs in non-hematologic settings. We believe T cell exhaustion and lack of durable stemness – the T cell's loss of continual proliferative capacity, and abilities of self-renewal and differentiation to effector states to eliminate solid tumors – are two major barriers limiting the efficacy of ACT in solid tumors.

We endeavor to overcome these two major barriers to ACT in solid tumors through our proprietary Gen-R and Epi-R technology platforms.

- **Gen-R** – our proprietary *ex vivo* genetic reprogramming technology to overcome T cell exhaustion, which results from transcriptional and epigenetic changes that occur as T cells differentiate into a dysfunctional state. Our scientific co-founders discovered T cell exhaustion occurs more frequently in solid tumors than in hematologic cancers where CAR T cells have demonstrated efficacy. The discovery of Gen-R came from the realization that chronic antigen stimulation, or when the T cell is always “on,” combined with an immunosuppressive solid TME, likely promotes the development of T cell exhaustion. In preclinical solid tumor models, Gen-R overcame T cell exhaustion and restored antitumor activity through the optimized overexpression of c-JUN, a protein which, when dysregulated, has been shown to play a crucial role in T cell exhaustion.
- **Epi-R** – our proprietary *ex vivo* epigenetic reprogramming technology to create a novel population of T cells with durable stemness. Stemness, the quality of T cells capable of self-renewal, expansion, persistence and anti-tumor response has been reported in the literature to correlate with clinical responses to immunotherapy. However, we believe *durable* stemness is required for long-term efficacy against solid tumors. Durable stemness relates to the ability of T cells to maintain their stemness until the tumor is eradicated, that is, they have the ability to self-renew despite continued persistent signals from the tumor driving activation, proliferation and differentiation. We believe that as these cells proliferate, they generate progeny cells that can both differentiate to polyfunctional effector cells, and/or re-populate the population of less

[Table of Contents](#)

differentiated T cell states as they continue to divide, thereby maintaining stemness. Epi-R is designed to intentionally and reproducibly generate populations of T cells which have this property of durable stemness. Furthermore, relating specifically to TIL, application of Epi-R has generated T cell preparations that exhibit increased polyclonality, i.e. the retention of a broad repertoire of TCR clonotypes.

**Our Pipeline**

We are utilizing our Gen-R and Epi-R technology platforms to develop a multi-modality product pipeline with multiple IND submissions expected by . Each of our programs provide opportunities to expand into additional indications beyond the patient populations we are initially targeting. Our product candidates are summarized in the table below:

	TECHNOLOGY	TARGET	COMMERCIAL RIGHTS	INDICATION	PHASE	NEXT MILESTONE
<b>CAR</b>	Gen-R & Epi-R	ROR-1 (LYL797)	LYELL	<ul style="list-style-type: none"> <li>• NSCLC</li> <li>• TNBC</li> <li>• Other solid tumors</li> </ul>	Preclinical	Submit IND in
<b>TIL</b>	Epi-R	Polyclonal (LYL845)	LYELL	<ul style="list-style-type: none"> <li>• Multiple solid tumor histologies</li> </ul>	Preclinical	Submit IND in
<b>TCR</b>	Gen-R	NY-ESO-1*	GSK	<ul style="list-style-type: none"> <li>• Synovial sarcoma</li> <li>• Other solid tumors</li> </ul>	Preclinical	Submit IND in
	Epi-R				Preclinical	

\* Our collaborator, GSK, is developing an NY-ESO-1 TCR T cell product candidate, currently in pivotal development. While we are currently evaluating Gen-R and Epi-R in separate preclinical programs for this product candidate, together these programs could represent a single future product opportunity for GSK utilizing one or both of our technology platforms.

**LYL797: ROR1 + Gen-R + Epi-R**

We are applying our Gen-R and Epi-R technology platforms to our lead CAR program, LYL797, which is expected to be an IV administered CAR T cell product candidate targeting ROR1 with a proprietary, optimized EGFRopt safety switch. We are initially developing LYL797 for the treatment of ROR1+ NSCLC and TNBC. ROR1 expression is associated with poor prognosis. Significant subsets of patients with common cancers express ROR1, including TNBC (~60%) and NSCLC (~40%), two of the highest ROR1 expressing indications. If successful, we anticipate expanding into other ROR1+ cancers with a lower incidence of ROR1 expression, including potentially HR+ breast cancer, ovarian and other solid tumors. We expect to submit an IND for LYL797 in .

**LYL845: TIL + Epi-R**

We are applying our Epi-R technology to develop our product candidate, LYL845, which is expected to be an IV administered autologous TIL therapy in multiple solid tumors. TIL have previously shown clinical benefit in patients with melanoma as well as other solid tumors with high mutation burdens including advanced cervical, lung, breast and gastrointestinal cancers. TILs target a variety of tumor antigens, but it is thought that the clinical efficacy of TILs is largely driven by specific recognition of mutated tumor neoantigens. Further, broad TIL efficacy has been limited by poor enrichment of tumor-reactive T cells, poor quality and growth potential of expanded T cells, and failure to maintain polyclonality of TILs during production. We have designed LYL845 to incorporate our Epi-R technology to result in enhanced T cell potency, antitumor activity and polyclonality of TILs. If successful, we expect to expand development broadly to potentially include melanoma, cervical, head and neck, pancreatic, breast, colorectal and NSCLC. We expect to submit an IND for LYL845 in .



## NY-ESO-1

Our collaborator, GSK, is developing a NY-ESO-1 TCR T cell product candidate, NY-ESO-1 C239. We are collaborating with them to potentially enhance this product candidate with Gen-R and Epi-R. Preclinical efforts and IND-enabling studies are underway. We anticipate GSK will conduct initial clinical trials with an enhanced product candidate in synovial sarcoma and multiple other solid tumor indications. We anticipate an IND submission by

### **Our Manufacturing Capabilities**

We believe it is critically important to own, control and continuously monitor all aspects of the cell therapy manufacturing process in order to mitigate risks the field has seen, including challenges in managing production, supply chain, patient specimen chain of custody and quality control. We made a strategic decision to invest in building our own manufacturing facility to control our supply chain, maximize efficiencies in cell product production time, cost and quality, and have the ability to rapidly incorporate disruptive advancements and new innovations. Controlling manufacturing also enables us to protect proprietary aspects of our Gen-R and Epi-R technology platforms. We view our manufacturing team and capabilities as a significant competitive advantage.

Our LyFE manufacturing center is approximately 73,000 square feet and comprises laboratories, offices and manufacturing suites. LyFE has a flexible and modular design allowing us to produce plasmid, viral vector and T cell product to control and de-risk the sequence and timing of production of the major components of our supply chain related to our product candidates. At full staffing and capacity, we expect to be able to manufacture approximately 500 infusions per year depending on product candidate mix. We believe this capacity is sufficient to support our pipeline programs through pivotal studies and, if approved, early commercialization. We anticipate the facility to be cGMP qualified by

### **Our Team**

The scientific and leadership team we have assembled comprise some of the foremost leaders in the fields of oncology and ACT. These thought leaders have collectively interrogated and elucidated the mechanisms of T cell biology and its interactions with cancer for decades and have authored over 1,000 publications focused on the interaction between the immune system and cancer. Our management team are experienced executives who come from academia and industry-leading cell and gene therapy companies including Atara, Juno Therapeutics and Sangamo; oncology therapeutic development companies including Amgen, AstraZeneca, Genentech, Incyte and Seagen; and cancer diagnostic companies including Genomic Health, GRAIL and Illumina. The core members of our scientific and leadership team include:

- **Dr. Rick Klausner.** We were founded in 2018 by Dr. Rick Klausner, former Director of the NCI, co-founder of Juno and GRAIL and whose lab in the 1980s isolated the critical components of the TCR that enabled the creation of CAR T cells. Dr. Klausner is our Executive Chairman. He is well known for his work in cell and molecular biology, immunology and human genetics, and has been the author of more than 300 scientific articles and several books, in addition to receiving numerous awards, honorary degrees and other honors. He oversaw the writing of The National Science Education Standards, the first such standards for U.S. Science Education, and served as Liaison to the White House Office of Science & Technology Policy. He is a member of the National Academy of Sciences, the Institute of Medicine and the American Academy of Arts and Sciences.
- **Liz Homans.** Our CEO, Ms. Homans, brings over 30 years of strategy, product development and commercialization experience. She spent over a decade at Genentech in multiple divisions

including global product development, regulatory operations and U.S. sales and marketing. She spent most of her Genentech career leading large complex oncology development programs from Phase 2 through completion of pivotal studies submission, approval and launch. She is also an experienced commercial leader having led the U.S. Xolair franchise through two years of double-digit growth. She completed her tenure at Genentech by managing the U.S. HER2+ breast cancer franchise. Ms. Homans also led global regulatory operations for Roche. Prior to Genentech she spent four years at Jazz Pharmaceuticals where she built the project leadership and portfolio strategy team, and she also has just under a decade of business strategy consulting experience.

- **Dr. Nick Restifo.** Prior to joining Lyell as our Executive Vice President of Research, Dr. Restifo spent 31 years at the NCI with a sole focus on the development of immunotherapeutic treatments for patients with cancer. His contributions to the field include the molecular definition of the qualities of highly effective antitumor T cells; identification of the gene expression within tumors that is required for successful immunotherapy; and understanding the impact of host factors in cancer immunotherapy. His basic and clinical findings of how immune cells can destroy tumors have become mainstays of cell-based immunotherapies being used worldwide, documented in more than 340 publications and numerous book chapters on cancer immunotherapy.
- **Dr. Stan Riddell.** Dr. Riddell is a Founder of Lyell and Head of our R&D Executive Committee. He is also a Professor, Program in Immunology and the Immunotherapy Integrated Research Center at the Fred Hutchinson Cancer Research, Professor of Medicine at the University of Washington, Distinguished Affiliate Professor at the Technical University of Munich, and a cofounder of Juno Therapeutics. Dr. Riddell has designed multiple clinical trials of adoptive T cell therapy using unmodified and genetically modified T cells including the first trial of CD19 CAR modified T cells of defined subset composition, which formed the foundation for Liso-Cel, which is FDA approved for treatment of diffuse large B cell lymphoma. He has more than 225 publications and his research has contributed to understanding the role of human T cell subsets in protective immunity to pathogens and tumors.
- **Dr. Crystal Mackall.** Dr. Mackall, a Founder of Lyell, is the Ernest and Amelia Gallo Family Professor of Pediatrics and Medicine at Stanford University. She serves as Founding Director of the Stanford Center for Cancer Cell Therapy, Associate Director of Stanford Cancer Institute, Leader of the Cancer Immunology and Immunotherapy Program and Director of the Parker Institute for Cancer Immunotherapy at Stanford. During a 27-year tenure culminating as Chief of the Pediatric Oncology Branch, NCI, and now at Stanford, she has led an internationally recognized translational research program focused on immunoncology.

## Our Strategy

Our goal is to utilize our proprietary technology platforms to develop curative ACT for patients with solid tumors. Key components of our business strategy to achieve this goal include:

- **Leverage our two proprietary, cell reprogramming technology platforms to fundamentally improve T cell efficacy and eradicate solid tumors.** We seek to produce T cell therapies that cure solid tumors by addressing the major barriers to ACT efficacy, including overcoming exhaustion of T cells, establishing durable stemness and targeting cancer cells safely and with high specificity. We are advancing two primary technology platforms for reprogramming T cells to be effective in eradicating tumors: Gen-R and Epi-R.
- **Rapidly advance our deep multi-modality pipeline of product candidates.** Our proprietary technology platforms are designed to be applied in a target and modality agnostic manner to CAR, TIL and TCR cell therapies. We believe our autologous T cell therapies will generate

improved, durable clinical outcomes that are potentially curative for patients with solid tumors. We expect multiple IND submissions by [redacted] from our multi-modality product pipeline.

- **Continually innovate to develop and advance disruptive, next generation platform technologies for cell-based therapy.** We are committed to continuing to discover, develop and advance disruptive technologies that have the potential to revolutionize ACT and its promise to cure patients with solid tumors. For example, we believe our T cell rejuvenation platform technology may represent the next frontier of epigenetic reprogramming for cell-based therapy.
- **Establish proprietary state of the art manufacturing infrastructure and capabilities to control all aspects of cell product preparations.** We have and will continue to invest in manufacturing to mitigate the risks the field has seen, including challenges in managing production, supply chain, patient specimen chain of custody and quality control. Controlling manufacturing also enables us to protect proprietary aspects of Gen-R and Epi-R, and rapidly incorporate new innovations. We expect our multi-product manufacturing facility, which can produce plasmid, lentivirus and cells, to be GMP-qualified by [redacted].
- **Implement digital technologies and cloud solutions to accelerate and enhance our science and operations.** High-performance cloud computing, scalable cloud storage, robotic and artificial intelligence, coupled with our collaboration with Amazon Web Services (AWS), enable real time monitoring of our manufacturing process and deep insights from our research, manufacturing and future clinical development efforts. This approach is being leveraged to inform our next generation cell therapies.
- **Aggressively generate, secure and defend intellectual property on our differentiated technology platforms and product candidates.** We have developed and secured intellectual property, including know-how, through our internal research efforts, licensing agreements and collaborations. We rigorously analyze, file and protect our intellectual property.

## Background

### *The Third Wave of Medicine: Cells as Therapeutics*

We are at the beginning of the third wave of modern therapeutic innovation where researchers are exploring approaches to harness the power of living immune cells to treat disease. The first wave of therapeutic innovation started with the mastery of small molecule chemistry which created the pharmaceutical industry. The second wave of modern medicine began in the 1980s with the birth of biotechnology and was based on the ability to master the design and production of protein-based macromolecules.

With some notable exceptions, the first and second wave approaches have not been able to cure patients with late stage, metastatic cancer. We believe the third wave of innovation, one utilizing living immune cells, has the potential to deliver the promise of curative therapies for cancer patients with late-stage solid tumors. The recent development and approvals of T cells engineered with CARs targeting CD19 in B-cell hematologic cancers demonstrated that complete responses could be achieved in a significant percentage of late-stage patients with large treatment-refractory tumor burdens. That said, the promise of cell therapy has not proven to be reliable in solid tumors broadly, which represent over 90% of cancers.

We are pioneering the reprogramming of living cells to become therapeutic agents for solid tumors. We believe the key to the development of cell therapy is the mastery of the identity, fate and function of cells to create living medicines. Our goal is to create curative therapies for solid tumor patients, and we believe the utilization of living immune cells has the potential to deliver, consistently and reliably, on the promise of ACT.

### **Targeting Cancer Cells: ACT Modalities and Their Limited Efficacy Against Solid Tumors to Date**

Most of the activity in ACT for cancer has focused on ways to provide the requisite specificity of the T cells to cancer: identifying appropriate tumor-specific targets, evaluating their frequency on cancers versus healthy tissues, and evaluating the best ways to traffic immune cells to them and attack the cancer. There are three main modalities to achieve target specificity in ACT today: CARs, TCRs, and TILs, and unfortunately, with very few exceptions, they have not meaningfully improved clinical outcomes in patients suffering from solid tumor cancers.

- **CARs:** Chimeric antigen receptors are artificial cell surface receptors that are genetically engineered onto T cells and comprise an extracellular binding domain specific to a surface molecule on tumor cells. CARs are linked to an intracellular activation domain that turns the T cells “on” to kill target tumor cells when the antibody portion binds to the tumor cell target.

CAR-based ACT has shown efficacy in some cancers, including durable complete remissions. The greatest clinical benefit has been demonstrated in B cell malignancies where the adoptive transfer of autologous T cells engineered with a CAR targeting CD19 has been shown to induce complete remission in 40 – 90% of patients resulting in the approval of four CD19 CAR T cell therapies. However, CAR T cells have thus far demonstrated limited efficacy in solid tumors. Furthermore, the identification of targets with sufficient differential expression between tumor and normal tissues has limited the broader development of CAR T cell therapies in solid tumors.

- **TCRs:** T cell receptors are directed against fragments of intracellular proteins that are presented by the human leukocyte antigen (HLA) complex on the surface of target cells. T cells can be engineered with a cloned TCR that mono-specifically directs the T cell to recognize a neoantigen that arises from the tumor’s mutated proteins or to recognize an aberrant or overexpressed self-protein. TCRs specific for neoantigens have the advantage of being tumor specific, meaning that normal tissues do not express these neoantigens thereby reducing the risk of normal tissue toxicity.

TCR-based ACT has been utilized clinically to treat a limited number of cancers. Although there has been some clinical success in treating cancer patients with TCR-engineered T cell products, most patients infused with these cells do not experience durable, complete responses to therapy.

- **TILs:** Tumor infiltrating lymphocytes are T cells which have entered and reside within the tumor. They are polyclonal in nature, i.e. they are able to recognize multiple tumor neoantigens. A TIL-based ACT approach isolates and expands TILs from tumor masses and reinfuses the expanded cells into the patient. The polyclonality of TILs is a major advantage to address the heterogeneity and antigen loss challenges of solid tumors. As with TCRs, the risk of normal tissue toxicity is mitigated because the targets for these T cells are directed against neoantigens which arise from the accumulation of mutations in genes unique to the cancer.

While a handful of clinical trials, primarily academic, have demonstrated TILs may generate durable responses in certain tumor types such as melanoma, they have shown limited efficacy in patients with other prevalent solid tumor cancers. Regardless, most patients treated with TIL therapy do not respond to treatment, and most patients who do respond will eventually relapse.

### **Barriers to ACT Efficacy in Solid Tumors**

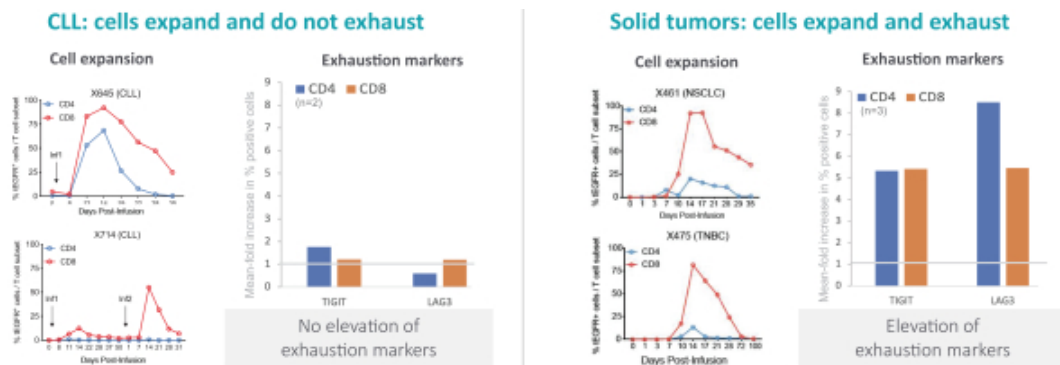
#### *T Cell Exhaustion*

T cell exhaustion is a state of cell differentiation characterized by impairment of effector function, elevated expression of inhibitory receptors such as PD-1 (also an activation marker), LAG3, TIM-3 and

TIGIT. T cells that recognize cancer cells or that respond to chronic infections such as those caused by human immunodeficiency virus and hepatitis viruses in humans and certain strains of lymphocytic choriomeningitis virus in mice frequently enter this state of exhaustion. Because T cell exhaustion is observed in tumor-specific T cells in most solid tumors, we believe this is a primary mechanism preventing T cells from eliminating cancer cells and presents a barrier for the effectiveness of ACT in solid tumors. Solid tumors have a more organized, immunosuppressive TME than hematologic cancers, which when combined with chronic antigen stimulation, drives tumor-reactive T cells to lose function and renders them incapable of tumor destruction. Animal model and clinical data demonstrate that adoptively transferring tumor-specific T cells, including CAR T cells, to treat solid tumors can result in the development of characteristic features of exhaustion in transferred T cells, including upregulation of inhibitory receptors, loss of effector function and the inability to proliferate, persist and eliminate the tumor.

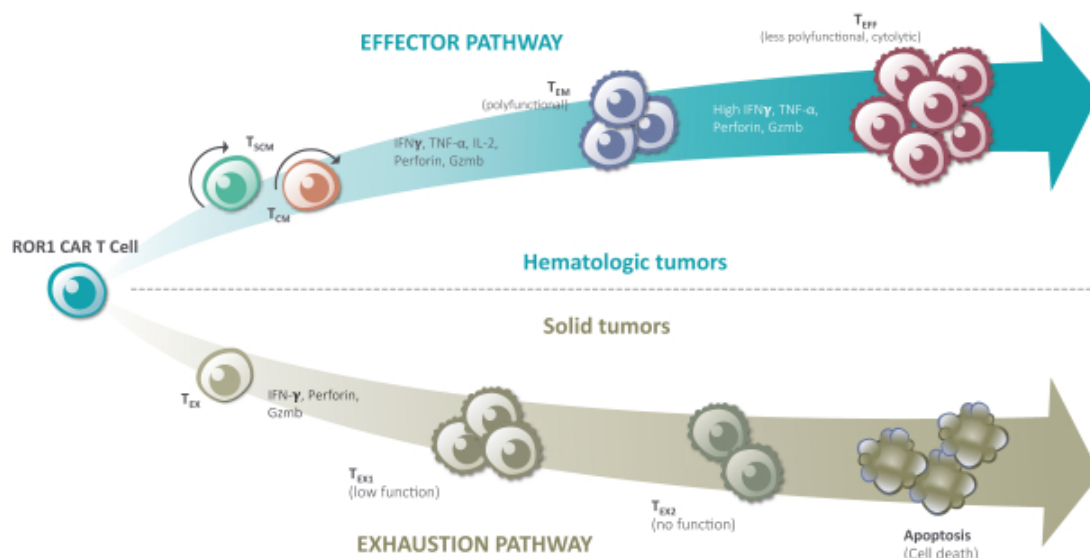
It is now well established that CAR T cells can be effective in hematologic tumors, including ALL, NHL and MM. In a revealing clinical experiment performed by Fred Hutch in collaboration with our founder, Dr. Riddell, it was demonstrated that CAR T cells specific for ROR1 expressed on both solid tumors (NSCLC, TNBC) and a hematologic tumor, chronic lymphocytic leukemia (CLL), exhaust after administration to patients with these solid tumors but remain functional after administration to patients with CLL. Data from this clinical experiment with ROR1 CAR T cells in NSCLC, TNBC and CLL were reported. This experiment found that in two refractory CLL patients, the ROR1 positive tumor cells were eliminated, including one complete response. The elimination of ROR1 positive tumor cells was associated with the expansion of CAR T cells in the blood and accumulation of CAR T cells in the bone marrow. There was limited upregulation of inhibitory receptors associated with exhaustion on the CAR T cells expanding in the patient compared to the infusion product in the CLL patients. On the other hand, in the solid tumor patients, ROR1 CAR T cells only expanded in some patients. Isolation of these expanded T cells from the blood, showed that they had upregulated multiple inhibitory receptors, including PD-1, LAG3, TIM-3 and TIGIT, and lost the ability to produce cytokines such as IFN $\gamma$ , TNF $\alpha$  and GM-CSF upon restimulation *ex vivo* compared with CAR T cells in the infusion product and that they exhibited a transcriptional profile consistent with exhausted T cells. These findings are consistent with the development of T cell exhaustion, and antitumor activity was limited (one partial remission in 14 treated patients). At the CAR T cell doses administered, no toxicity to normal tissues was observed in patients with solid tumors or CLL (despite the high levels of active circulating ROR1 CAR T cells) in this experiment.

*Figure 1: The same ROR1 CAR T cells exhaust in solid tumor patients but not in CLL patients. In both CLL and NSCLC/TNBC patients the CD4+ and CD8+ CAR T cells expand. The exhaustion markers TIGIT and LAG3 are greatly increased only in the solid tumor patients, consistent with the demonstrated loss of function of these exhausted cells.*



These findings indicated that whereas in a hematologic tumor CAR T cells differentiate along an effector pathway capable of eradicating cancer cells, in solid tumors the same CAR T cells differentiate along a distinct pathway leading to exhaustion, loss of function and lack of antitumor efficacy. By clinically testing the same CAR T cell, we conclude that the nature of the tumor (solid versus hematologic) is a major determinant of the fate of ACT T cells.

Figure 2: In hematologic tumors, CAR T cells differentiate along the upper path towards functional effector cells, whereas in solid tumors, CAR T cells differentiate down the lower path into an exhausted state.



### Lack of Stemness

Patients with solid tumors can experience profound clinical responses to immunotherapy, albeit in a minority of cases. ACT and immune checkpoint blockade (ICB) both depend on the activities of T cells that react with neoantigens expressed by tumors. Until recently, the characteristics of clinically successful neoantigen-reactive T cells were unclear. However, researchers have recently identified T cell stemness – especially as driven by the hallmark transcription factor TCF7 – as a meaningful correlate of successful cancer immunotherapy in both ICB and ACT settings. Dr. Hacohen et. al. at the Broad Institute have correlated the presence of CD8<sup>+</sup> T cells expressing TCF7 predicted positive clinical outcomes to ICB. More recently, a study conducted by Drs. Steven Rosenberg and Sri Krishna at the NCI concluded that TIL-ACT responders exhibited a population of stem-like TILs positive for TCF7 in the infusion product. These data and others suggest that stem-like T cells capable of self-renewal, expansion and persistence are required for profound antitumor responses *in vivo*. Furthermore, they indicate an “active ingredient”: a component of the cell preparation that is responsible for the activity but only present in some preparations.

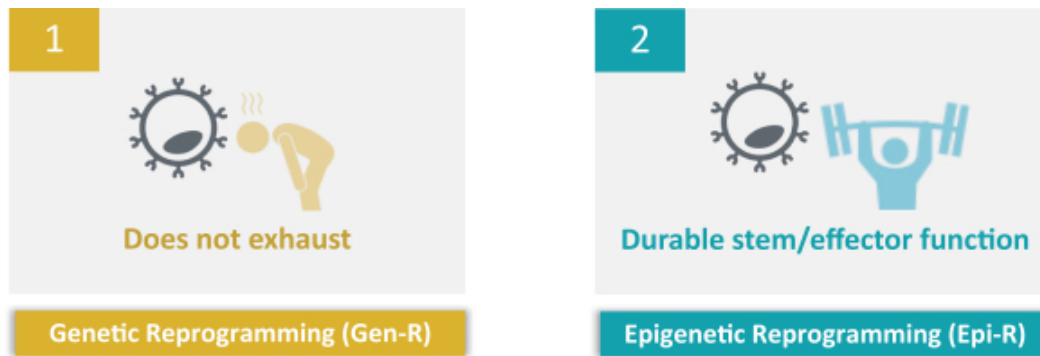
These clinical findings are consistent with our view of T cell development. Stem-like T cells are capable of self-renewal, expansion, persistence and superior antitumor response. These stem-like T cells also are capable of differentiation into effector states that are short-lived but required to kill cancer cells. However, effective, curative ACT must deliver a population of T cells with durable stemness, capable of continual self-renewal – generating more of themselves – while also generating progeny cells that can differentiate to polyfunctional effector cells.

## [Table of Contents](#)

Therefore, we seek to go beyond the clinical correlates of highly effective T cells to intentionally create cells with durable stemness, meaning that the living T cells have a quality which allows them to “durably” self-renew in the face of continued persistent signals from the tumor driving activation, proliferation and differentiation, and continue to do so *in vivo* until the cancer is eradicated. What durable stemness enables is that even with these persistent signals, the T cells do not lose their stem-like properties. We believe that a major barrier to effective solid tumor ACT is that most cell preparations *lack* this level of stemness. It is durable stemness which we believe will be required to eradicate the burden of cancer in patients with solid tumors, and we aim to reliably and intentionally achieve durable stemness with our Epi-R technology.

### Our Technology Platforms

We have developed two technology platforms to address two major barriers to effective solid tumor ACT. Gen-R overcomes loss of T cell function attributable to an exhausted state, and Epi-R creates T cell populations with properties of durable stemness, while also maintaining polyclonality, an advantage of TIL ACT.



### Gen-R for Overcoming T Cell Exhaustion

T cell exhaustion is an important mechanism of ACT failure, illustrated by the inability of CAR T cells to treat solid tumors, as opposed to hematologic tumors. T cell exhaustion results from transcriptional and epigenetic changes that occur as T cells differentiate into a dysfunctional state. A strategy to prevent T cells from becoming exhausted would be ideal for improving the effectiveness of ACT against solid tumors. Our scientific co-founder Dr. Mackall identified such a strategy to utilize *ex vivo* genetic reprogramming to overcome the problem of T cell exhaustion.

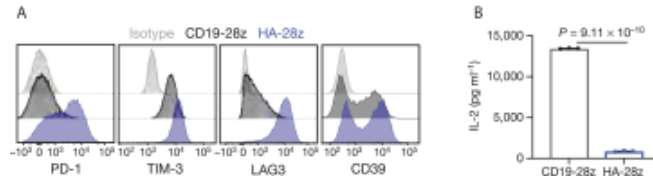
Dr. Mackall demonstrated that genetically modifying T cells to overexpress the c-JUN protein prevented them from losing function. c-JUN combines with another protein, FOS, to form an AP1 protein complex. This protein complex works in cooperation with NFAT to direct the transcription of genes required for T cell effector function. Overexpression of c-JUN in CAR T cells restores their antitumor activity in preclinical solid tumor models where the same CAR T cells that do not overexpress c-JUN exhaust and fail to eliminate the tumor. We have further advanced the optimization, construct design, models and data related to Dr. Mackall's work, and as applied in our product candidates, we term the optimized overexpression of c-JUN our Gen-R technology.

The discovery of Gen-R came from the realization that chronic stimulation of a T cell by an antigen (the T cell is always turned “on”) combined with an immunosuppressive solid tumor TME likely promotes the development of T cell exhaustion. Dr. Mackall developed a GD2-targeted CAR T cell that is always turned on and quickly develops exhaustion. This model system drove the CAR T cells to

[Table of Contents](#)

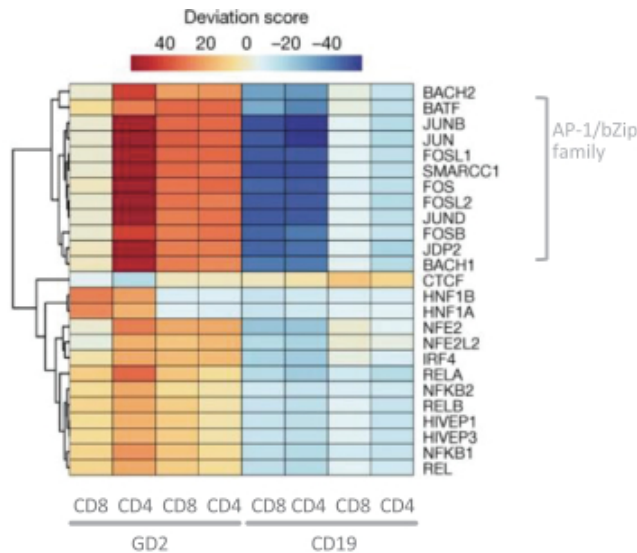
have the hallmark phenotypic, functional, transcriptomic and epigenetic abnormalities described in cancer and chronic viral infections where T cells become exhausted. Compared to normal CD19-targeted CAR T cells that are not always “on,” the GD2 CAR T cells demonstrated elevated expression of cell surface exhaustion-associated markers such as PD-1, TIM-3, LAG3 and CD39 (Panel A in Figure 3), and these T cells had decreased function as measured by secretion of IL-2 compared with T cells expressing the CD19 CAR (Panel B in Figure 3).

*Figure 3: The GD2 CAR T cell is a model for exhaustion. These T cells exhibit elevated expression of cell surface exhaustion-associated markers, including PD-1, TIM-3, LAG3 and CD39 (left). When compared to CD19 CAR T cells, which are not exhausted, the GD2 CAR T cells fail to produce IL-2, which is a characteristic of exhausted cells (right).*



All T cell differentiation states, including exhaustion, are characterized by distinct chromatin structure (open versus closed). Generally, open chromatin structures allow for transcription factor binding while closed structures inhibit transcription factor binding. To determine if the GD2 model could enable the understanding of the biology of exhaustion, the GD2 and CD19 CAR T cells were examined for their chromatin structure to evaluate which transcription factor binding sites were accessible in the functional versus the exhausted states. The exhausted GD2 CAR T cells had a genome-wide restructuring of chromatin accessibility compared to the CD19 CAR T cells, and the greatest change was the increased availability of binding sites to the AP-1/ bZIP family and IRF4 transcription factors. These transcription factors include JUNB, JUND, BATF, BATF3, FOSL1, FOSL2 and IRF4.

*Figure 4: Chromatin structure access of GD2 versus CD19 CAR T cells revealed increased access to AP-1 transcription factor binding sites, represented by red. This illustrated that the binding sites are more accessible to their transcription factors.*

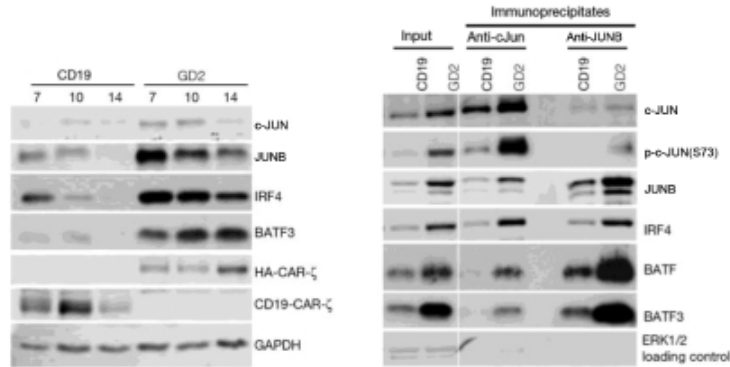




## Table of Contents

It is notable that c-JUN can bind directly to inhibitory bZIP members, potentially limiting its availability for binding to FOS, which is the necessary AP-1 complex for T cell effector function. Dr. Mackall then evaluated the levels of each these transcription factors to see whether there were differences between CD19 and GD2 CAR T cells. What was seen was an increase in the level of several of these proteins including JUNB, BATF3 and IRF4 in GD2 CAR T cells compared to CD19 CAR T cells (Figure 5; Left panel). Furthermore, in the GD2 CAR T cells c-JUN was shown to be complexed with inhibitory factors such as JUNB, IRF4, BATF and BATF3 (Figure 5: Right panel). These data are consistent with reduced availability of c-JUN to bind to FOS (its activating partner) which is required for T cell activation.

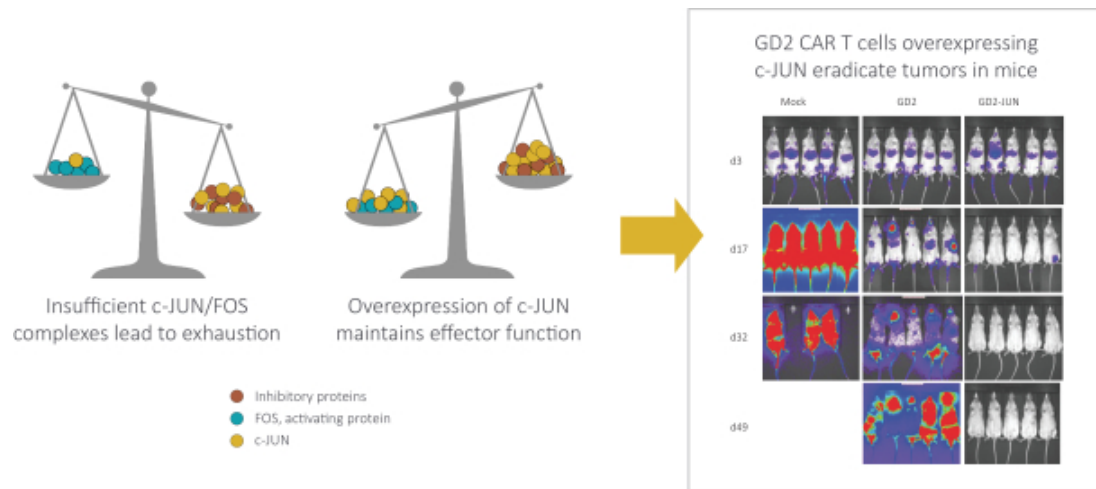
Figure 5: Left panel: inhibitory proteins that associate with c-JUN, including BATF, JUNB and IRF4 are increased in the exhausted GD2 versus CD19 CAR T cells. Right panel: in the exhausted GD2 cells, immunoprecipitation with c-JUN pulled down its inhibitory partners, demonstrating greater association of c-JUN with JUNB, IRF4, BATF and BATF3 in exhausted GD2 CAR T cells.



Dr. Mackall then hypothesized that overexpression of c-JUN in the GD2 CAR T cell, would enable the reconstitution of activating c-JUN/FOS heterodimers and shift the balance to activating versus suppressive protein complexes, and prevent the T cells from becoming exhausted. Indeed, overexpression of c-JUN in the GD2 CAR T cells led to tumor eradication *in vivo* in preclinical models as compared to the mice treated with GD2 CAR T cells that did not overexpress c-JUN. (Figure 6).

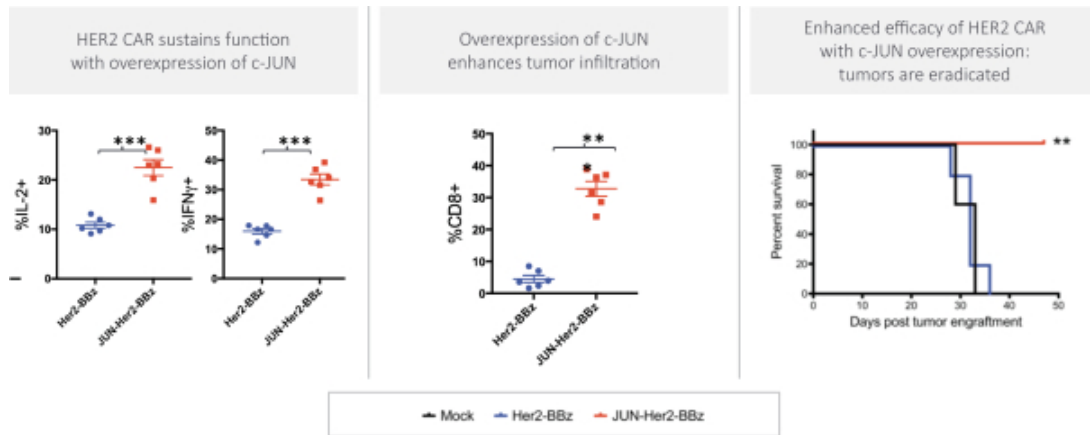
## Table of Contents

Figure 6: Left scale – in exhausted T cells, there is insufficient c-JUN to bind with FOS, because c-JUN is bound in overexpressed inhibitory complexes. Right scale – overexpression of c-JUN provides sufficient JUN protein to form activating c-JUN/FOS pairs, required for maintaining active T cell function. On the far right, in vivo models demonstrated only GD2 CAR T cells overexpressing c-JUN eradicated GD2<sup>+</sup> tumors, the GD2 CAR T cells lacking c-JUN failed to eliminate the tumors.



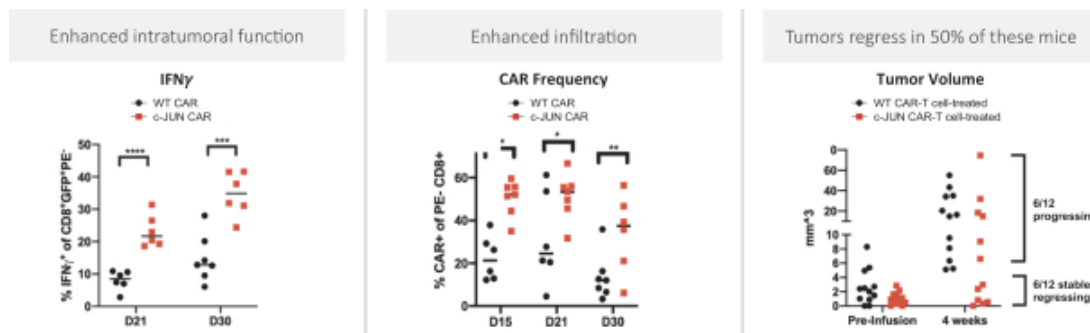
Dr. Mackall then investigated if the hypothesis would prove generalizable and be effective in solid tumor models where it was observed that the tumors caused the CAR T cells to exhaust. In a highly resistant human solid tumor model of osteogenic sarcoma in NSG mice, c-JUN overexpression augmented the antitumor activity of T cells engineered with a human epidermal growth factor receptor 2 (HER2) CAR whereas the control HER2 CAR T cells that function normally *in vitro* exhibited features of exhaustion *in vivo* and were ineffective in eradicating the tumor (Figure 7). Thus, the counter-exhaustion effect of c-JUN resulted in complete tumor eradication in contrast to the absence of efficacy in the mice treated with unmodified CAR T cells which exhausted. Importantly, this model recapitulates what is observed in human solid tumors, which demonstrates that T cells enter the tumors, exhaust and do not accumulate at the tumor site.

Figure 7: HER2 CAR T cells overexpressing c-JUN infiltrated into tumors, demonstrated higher T cell function and eradicated osteogenic sarcoma tumors in mice.



Dr. Riddell tested the hypothesis in another, even more rigorous solid tumor model of NSCLC. He utilized a mouse model which recapitulates the oncogenic driver mutations and immunosuppressive TME of human NSCLC. It has been difficult if not impossible to treat the tumors in these mice with chemotherapy or immunotherapy and this “model” is in all respects representative of murine NSCLC. This model was further designed so that the tumors express ROR1 and, perhaps not surprisingly proved to be resistant to therapy with ROR1 CAR T cells, just as was observed in treating human NSCLC with ROR1 CAR T cells. In contrast, tumor-bearing mice treated with ROR1 CAR T cells that overexpressed c-JUN demonstrated greater infiltration by the T cells into the tumor, enhanced function of those T cells and tumor regression in 50% of the mice, further confirming the results obtained by Dr. Mackall in HER2 and other cancer models. These results are in contrast to the 100% tumor progression observed in mice treated with ROR1 CAR without overexpression of c-JUN. (Figure 8). Once again, this model illustrated that when T cells enter solid tumors, they exhaust and become ineffective unless the T cells resist exhaustion with Gen-R.

Figure 8: ROR1 CAR T cell overexpressing c-JUN demonstrated efficacy in mice with NSCLC



In summary, Gen-R demonstrated improved CAR T cell function and antitumor efficacy in multiple models of T cell therapy for solid tumors using human and murine T cells. These data show that preventing exhaustion with Gen-R can result in improved and sustained infiltration of functional T cells at the tumor site and supports the clinical translation of Gen-R for CAR T cell therapy of human solid

tumors. We are poised to test Gen-R in our ROR1 (LYL797) and NY-ESO-1 clinical ACT programs in a number of solid tumor indications.

### **Epi-R: Reprogramming Cells to Create Durable Stemness**

Emerging research has made clear that a key requirement of effective cellular immunotherapy is the presence of a population of T cells with specific characteristics of stemness as well as activation of effector functions to produce clinical responses. The frequency of this T cell population correlates with responses to cancer immunotherapy, including TIL ACT and ICB therapy.

Epi-R is our *ex vivo* epigenetic reprogramming technology designed to generate populations of T cells which have the properties of durable stemness. Durable stemness describes the ability of a population of T cells to maintain the sustained ability to self-renew and proliferate, even after being subjected to demands of activation and proliferation upon encountering target antigens expressed by tumor cells. In other words, we believe that a population of T cells with durable stemness are continually replenished, allowing them to generate all memory and effector T cell differentiation states that are required for meaningful long-term clinical responses.

We believe our scientists have been able to intentionally and reproducibly produce T cell populations with durable stemness using Epi-R. The resulting Epi-R T cell populations have *in vitro* and preclinical *in vivo* properties which suggest that they are significantly more potent than those generated by standard approaches to manufacturing T cells for ACT. Standard approaches likely generate ill-defined mixes of cells in various states of differentiation, most of which lack the properties to be effective against solid tumors. To be curative, we believe T cells with durable stemness properties are needed.

Our work has built upon the groundbreaking science of Dr. Restifo spanning over thirty years at the NCI, and then actuated by him and his colleagues at Lyell. We believe that we can reliably produce a population of T cells that have the requisite properties to be effective against tumor cells, that can be characterized by genomic, proteomic and transcriptomic features, and that may ultimately be responsible for clinical effectiveness in ACT. These T cells have enhanced proliferative capacities, as well as ability to engraft, persist and destroy tumor masses. Our ultimate goal is to characterize, identify, optimize and consistently produce these cells through our proprietary Epi-R technology, which comprises a protocol involving proprietary media, and well-defined cell activation and expansion protocols. We expect to develop other versions of the protocol in the future to further advance this technology.

Epi-R triggers metabolic pathways that cause T cells to have properties of durable stemness. The origins of Epi-R came from Dr. Restifo's work at the NCI, where he demonstrated that T cells grown in media with high concentrations of potassium were more stem-like and functional. These were the first clues that it might be possible to reprogram cells to be more stem-like and functional. In fact, Dr. Restifo and his team were able to demonstrate that cells grown with high potassium in the media were 40-100x more potent *in vivo* against established tumors compared with controls. They also demonstrated significantly enhanced abilities to infiltrate tumors, with tumor-infiltrating T cells exhibiting enhanced resistance to exhaustion as measured by markers such as TIM3. This work demonstrated that the high potassium resulted in changes in the epigenome of the T cells and that this epigenetic reprogramming was likely responsible for the persistence of functional changes in the T cell population, even after return to standard media or infusion *in vivo*.

At Lyell, Dr. Restifo and his team have continued the work and have further advanced and optimized these epigenetic reprogramming strategies to produce the Epi-R T cell populations with the properties we seek, measured both phenotypically and functionally. We have expanded beyond

## [Table of Contents](#)

Dr. Restifo's work at the NCI on hyperkalemia to execute multivariate, high dimensional experiments that improve upon what was previously published to create Epi-R protocols. Most importantly, in addition to elevated potassium, we have extensively reformulated the media, and optimized cytokines, growth factors, activation methods and other components related to cell culture, activation and expansion. These modifications were required to optimize phenotypic and *in vitro* and *in vivo* functions of the resulting T cell populations. In addition, we have advanced these research scale efforts and developed clinical scale production capabilities for Epi-R.

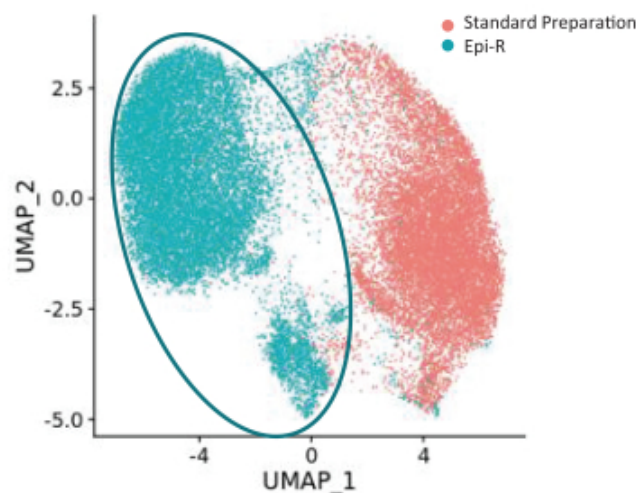
### *Creating Epi-R T cell populations*

Epi-R creates populations of cells with phenotypic and *in vitro* and *in vivo* functional properties that we believe are needed for effective ACT. In single cell genome-wide RNA-Seq gene expression analysis, unsupervised clustering of single cells similar to each other reveal that Epi-R T cell populations have a distinct transcriptional profile when compared to the T cells found in a Standard Preparation (Figure 9). Standard Preparation, as used throughout this document refers to a typical cell preparation that includes TransAct beads, OpTmizer media and IL-2, IL-7 and IL-15 cytokines.

### *Figure 9:*

*Epi-R treatment generated T cells with a unique transcriptional profile. Each dot represents a single cell whose complex gene expression profile has been compressed to two dimensions; the teal population are cells treated with Epi-R and they exhibit a distinct gene expression profile from Standard Preparation, plotted in salmon color. Note that there is minimal intermingling of teal and salmon cell populations. UMAP=Uniform Manifold Approximation and Projection for Dimension Reduction.*

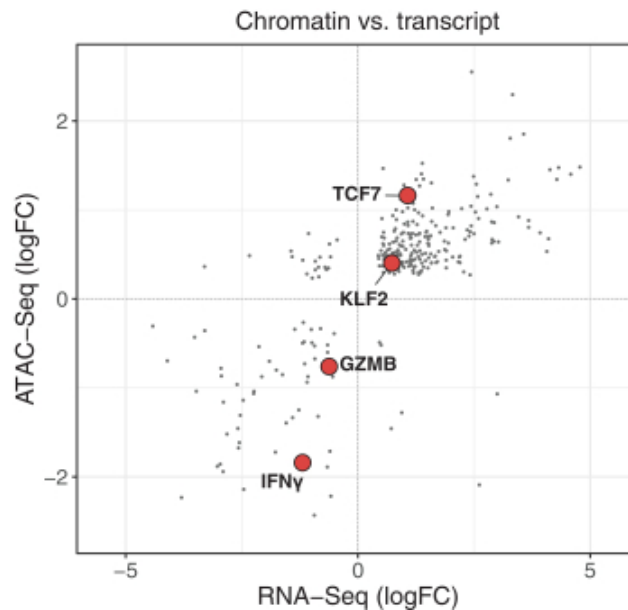
Global gene expression analysis demonstrates distinct gene expression profile of Epi-R expanded cells vs. Standard Preparation



The transcriptomic changes are associated with alterations of chromatin structures and the quantitative changes in transcription can be correlated with similar fold-change alterations in gene-

specific chromatin accessibility as determined by ATAC-seq (Assay for Transposase-Accessible Chromatin using sequencing). Increased chromatin accessibility can be correlated with increased gene expression; conversely decreased chromatin accessibility can be associated with decreased gene expression. We observed that there was increased chromatin accessibility and gene transcription of stemness-associated genes including TCF7 and KLF2. Conversely, there was decreased accessibility and gene expression of hallmark effector genes such as IFN $\gamma$  and GZMB for effector-function priming. The increases and decreases in chromatin accessibility and gene expression are consistent with observations that Epi-R programs cells for stemness rather than immediate effector function (Figure 10).

*Figure 10: Epi-R treatment promoted chromatin accessibility and expression of genes associated with T cell stemness (for example, TCF7 and KLF2) and reduced expression of genes associated with effector differentiation (for example, GZMB and IFN $\gamma$ ). The impact of Epi-R treatment on chromatin accessibility (as profiled by ATAC-Seq) and gene expression (as measured by RNA-sequencing) as compared with Standard Preparation was measured. Individual genes with positive x-axis values have increased expression after Epi-R treatment, while genes with negative x-axis values have decreased expression. Genes with positive y-axis values have increased chromatin accessibility after Epi-R treatment compared with Standard Preparation, while genes with negative y-axis values have reduced chromatin accessibility after Epi-R. These changes are in accordance with the T cell properties that we seek.*



When we analyzed the gene expression of the Epi-R T cells together as a population, we showed that their epigenetic reprogramming resulted in an enrichment of the Wnt signaling pathway genes which functionalize stemness, as well as effector memory gene expression. This approach results in populations of cells that have the stemness we are looking for and cells that have a strong signature of tissue resident effector memory cells, in contrast to the populations produced by Standard Preparation. As stated above, recent literature supports the presence of such stem-like cells correlating with responsiveness to immune therapies, including ICB and ACT, which noted that patients who respond to ICB have a unique signature of endogenous TIL. The single cell RNAseq data showed a unique CD8<sup>+</sup> gene signature associated with memory, activation and cell survival in patients who respond to

## Table of Contents

ICB. In addition, the literature supports the notion that stem-like CD8<sup>+</sup> T cells correlate with efficacy of ACT in human melanoma. Specifically, the expression levels of the genes encoding CD27, KLF2, TCF7, LEF1, IL7R and SELL predict effectiveness of ACT in solid tumors.

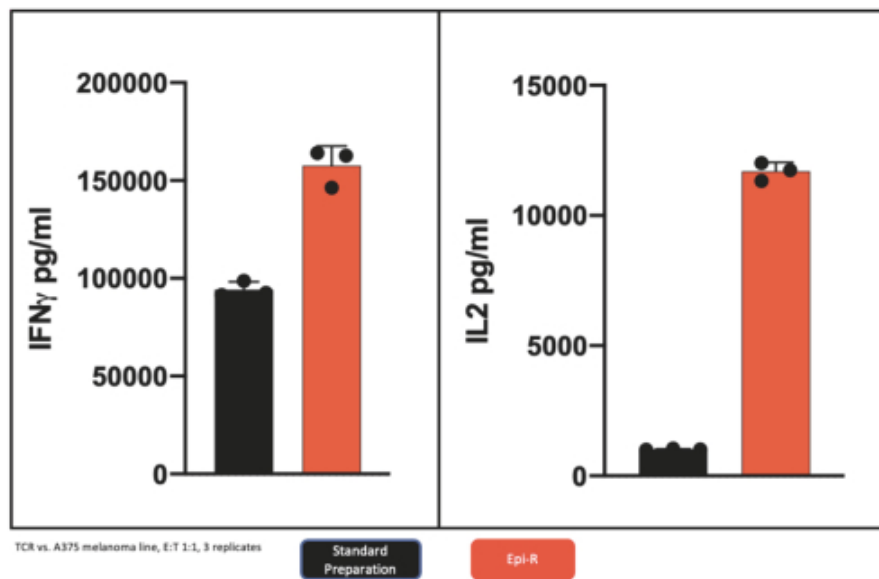
The T cell molecular signatures and genes reported in these correlative studies closely resemble the gene signatures seen in our Epi-R T cell populations and are selectively highlighted by red arrows in the volcano plots below. Each volcano plot illustrates the ratio of gene expression of Epi-R T cells versus those expanded in the Standard Preparation, plotted on a log scale which means that the difference in distance between data points are much smaller than if they were plotted on a linear scale. What is illustrated by the fact that all of the genes of interest are on one side of each respective volcano plot, the Epi-R side, showing that the genes of interest are uniformly expressed at greater levels in Epi-R T cells. These similarities suggest that with Epi-R, we are able to intentionally produce cell populations with the qualities predicted to be the “active ingredient” cells in immunotherapy that drive efficacy.

*Figure 11: Enhanced expression of T cell stemness and effector memory related genes in Epi-R treated T cells. Gene transcriptional profiling demonstrated that Epi-R T cells had increased expression of genes in the Wnt signaling pathway (a key promoter of T cell stemness, left panel) and of effector memory associated genes (key drivers of antitumor function, right panel). These findings are consistent with the recent literature and our own data indicating that T cell populations of stem-like T cells are responsible for ACT response.*



When Epi-R T cells are activated, they rapidly secrete cytokines required for tumor reactivity in significantly higher amounts versus Standard Preparation. IFN $\gamma$  and IL-2 cytokine secretion by Epi-R T cells indicate greater effector activity and polyfunctionality, required for antitumor activity (Figure 12).

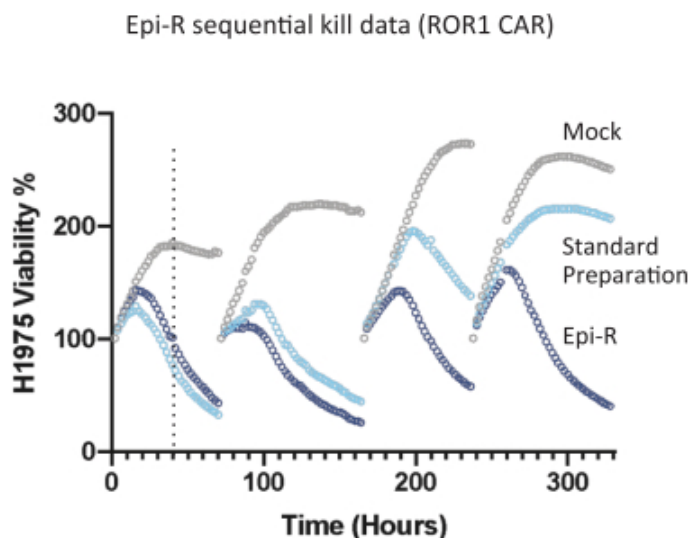
Figure 12: Epi-R produced T cell populations exhibited greater effector activity and polyfunctionality, as measured by increased production and secretion of cytokines required for effective antitumor activity. T cells were co-cultured with target antigen-expressing tumor cell lines and T cell production of IFN $\gamma$  and IL-2 was measured in co-culture media.



Epi-R T cell populations resist the exhaustion of repetitive signaling which otherwise limits efficacy against solid tumors. We observed that Epi-R T cell populations maintain significantly greater ability to eliminate target tumor cells *in vitro* after multiple sequential exposures to tumor cells. They appear to “remember” their reprogramming and ability to kill tumor cells. In this experiment, cells were initially reprogrammed and expanded in Epi-R, and then transferred to Standard Preparation for the re-stimulation assay, which was repeated four times with consistent cell numbers. A low number on the y-axis indicates that the tumor cells are being killed. Epi-R T cells continued to kill tumor cells with sustained efficacy while by the third restimulation mock and Standard Preparation cells had exhausted and lost their ability to kill cells.



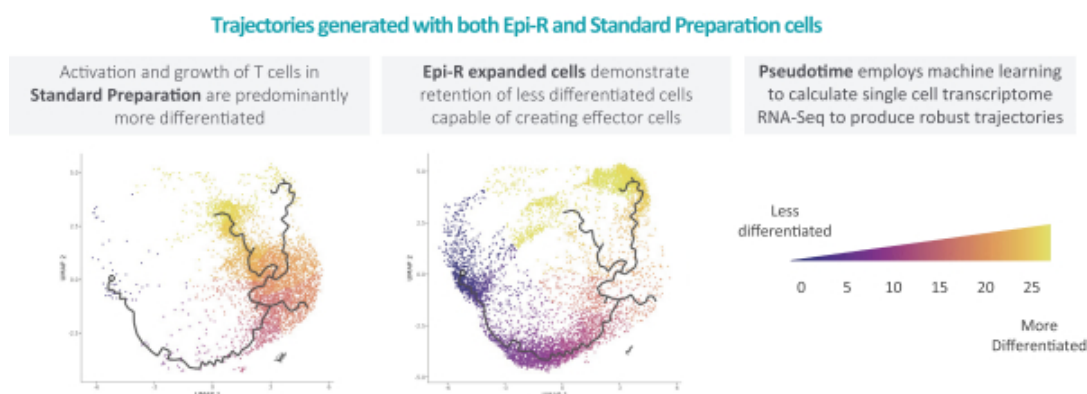
Figure 13: Epi-R produced T cells with enhanced long-term tumor killing potency. In a sequential restimulation assay, where T cells were repeatedly exposed to new tumors cells *in vitro*, Epi-R increased the ability of T cells to kill fresh additions of tumor cells over time (the dark blue dots show that tumor cells (the H1975 cell line) were killed even as the control and T cells grown in Standard Preparation conditions lost their ability after the second and third stimulations).



In addition to the sequential restimulation assay described above, which tested for a given population of T cells' continued ability to kill cancer cells on multiple exposures without controlling the T cell to tumor ratio, we also performed experiments where we serially restimulated T cells by adding new cancer cells while resetting the ratio of T cells to cancer cells to 1:1 at each stimulation. This latter assay tested for each individual T cells' potency against cancer cells over multiple rounds of exposure. These cells must also resist exhaustion and maintain their stemness in order to be effective. We performed a serial restimulation assay on cloned TCR T cells in Epi-R conditions, and then utilized trajectory analyses in order to illustrate the "durable stemness" of the T cell populations. In our definition of durable stemness, we posit that a T cell population can continue to both re-populate the stem cell population and differentiate to produce effector cells, even after prolonged and repetitive challenges with tumor cells. Based on the changes that we have observed between Epi-R T cells and T cells generated using Standard Preparation, we sought to understand what have become known as 'cell trajectories.' We know that T cells transition from one epigenetic state to another in response to stimuli, including recognition of tumor cells. Single cell RNA-Seq can enable the visualization of T cell transition states but to do so we must utilize machine learning algorithms to determine gene expression changes that occur in 'pseudotime,' a measure of how much progress an individual cell has made during its differentiation.

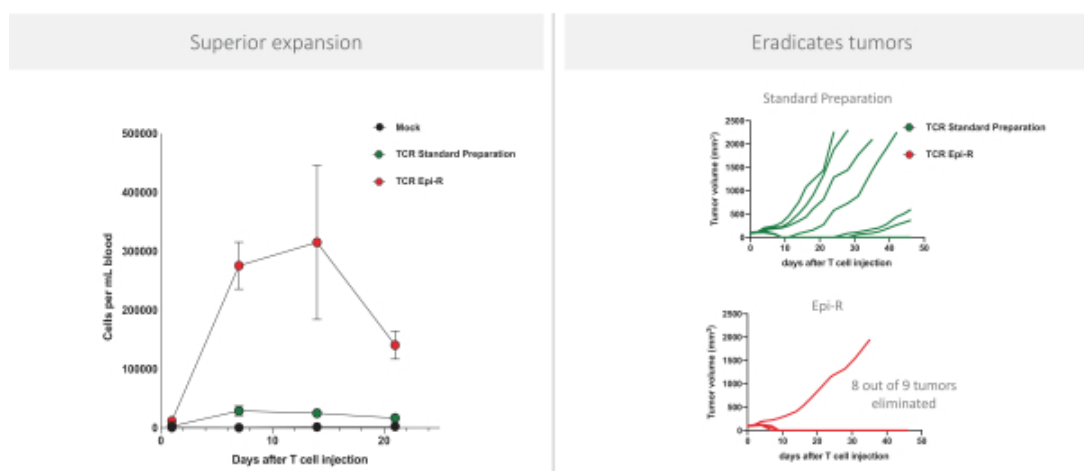
Pseudotime cell trajectories revealed an abundance of less-differentiated stem-like CD8<sup>+</sup> T cells even after repetitive stimulation with tumor cells under Standard Preparation using T cells previously expanded in Epi-R, whereas the growth of T cells previously expanded in Standard Preparation were predominantly more differentiated. The characteristics of resultant effector cells were also different, with Epi-R T cells generating effector cells resembling highly cytotoxic cells best able to engage in effector function.

Figure 14: To understand the maturational differences in the reactions of T cells to tumor after having been programmed in Epi-R or Standard Preparation. T cells were placed in Standard Preparation and serially re-exposed to tumor cells every 3-4 days (x4) for 14 days (336 hours). We then used machine learning to create unsupervised cell trajectories using cells derived from both Epi-R T cells and T cells expanded in Standard Preparation then plotted the cell trajectories. The resulting Epi-R T cells were less differentiated and more functional than T cells generated from the Standard Preparation.



The greater functional activity of Epi-R T cell populations translated to enhanced activity in *in vivo* mouse antitumor experiments. The Epi-R T cell populations had superior expansion *in vivo*: at seven days post injection, there were 30-50-fold more Epi-R T cells in the mice as compared to those seen using Standard Preparation. Furthermore, in this experiment, treating mice with established tumors, the Epi-R T cells eradicated tumors in 8 out of 9 mice versus eradication in only 1 out of 9 mice treated with standard T cell preparations after 40 days. It is important to note that these Epi-R T cells were taken out of Epi-R conditions and injected *in vivo*, and by expanding and killing tumors over time, they are “remembering” their new properties after the *in vitro* epigenetic reprogramming.

Figure 15: Epi-R T cells had improved expansion *in vivo* as shown in the left panel and had greatly improved antitumor function in mouse models of cancer, as shown on the right. Epi-R T cells completely eliminated tumors in 8 out of 9 treated mice (note overlapping red lines in Epi-R tumor killing along the x-axis).



### Epi-R applied to TILs

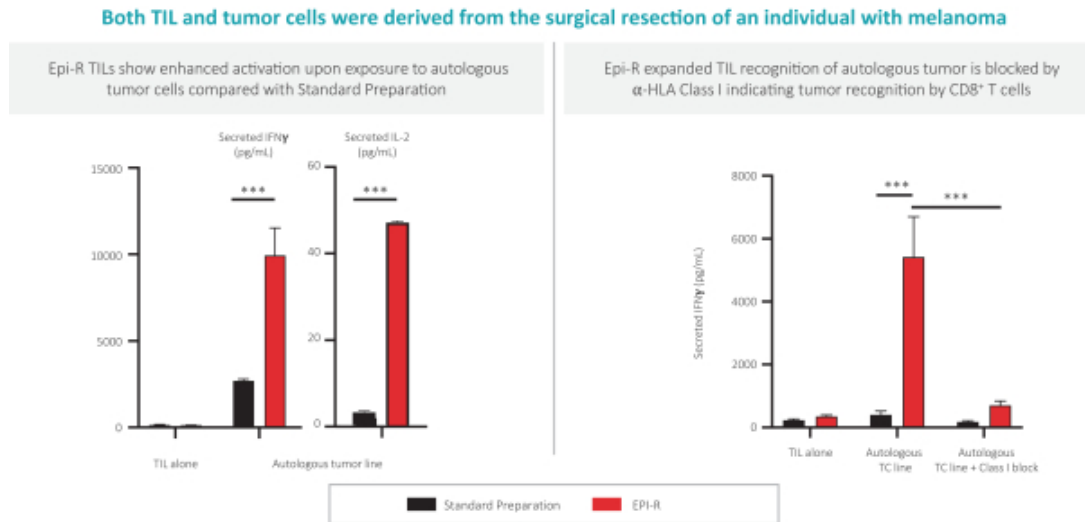
TIL ACT has been shown to be curative in a minority of cases of melanoma and occasionally in other cancers, demonstrating their potential in the treatment of solid tumors. We believe TILs have the potential to be more broadly and reliably effective against many tumor histologies, and that we can address the following requirements for TIL to achieve its potential as highly effective therapy against solid tumors.

- First, the infused TIL cells must have the property of durable stemness and be able to differentiate into effector cells for function, which we believe we achieve with Epi-R and have demonstrated with autologous *in vitro* experiments.
- Second, TIL must maintain their polyclonality during expansion, and preserve their ability to target a diversity of tumor neoantigens. Current standard TIL expansion causes a significant loss of TCR diversity, leading to skewed preparations with reduced clonotype representation. We have demonstrated that Epi-R can preserve the polyclonality of TIL preparations; for example, Epi-R T cells have ~30x more representation of the top dominant tumor TCRs in an autologous TIL experiment from a colon tumor.
- Third, stem-like and highly diverse TIL must be reliably extracted and expanded from multiple histologies. Specialized skills are required for this; while many have been able to consistently extract and expand TIL from melanoma specimens, other tissue histologies have proven more challenging. Our scientists are highly experienced in this art, and we have successfully extracted and expanded Epi-R TIL from melanoma, colorectal, NSCLC, pancreatic, renal cell, breast, prostate and liver cancers with a 95% success rate. This capability facilitates clinical trial designs that test our TIL product candidates in multiple solid tumor histologies.
- Finally, we must be able to expand TIL cell preparations to clinical scale, while maintaining their stem-like and clonally diverse properties. We have been able to expand, at clinical scale in the lab, TIL cell preparations to 13 billion cells (a clinically relevant dose) while maintaining their stem-like properties.

*Epi-R TIL cell preparations reacted to autologous tumors and eradicated them*

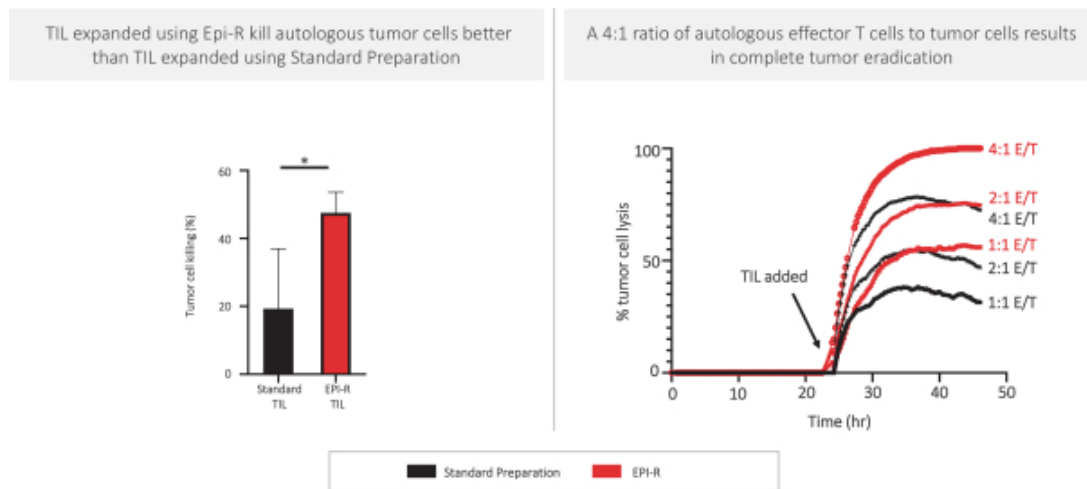
We performed experiments to evaluate Epi-R expanded TIL recognition of *autologous* melanoma cancer cells. We took a patient melanoma tumor excision, and both extracted and expanded TIL from that specimen in either Standard Preparation or Epi-R, as well as created a cancer cell line from the cancer cells from the tumor. By doing so, we could evaluate whether the expanded TIL from that tumor recognized and reacted to *that patient's own tumor*. We were able to demonstrate that Epi-R TIL exhibited enhanced activation, the response was mediated by activated killer CD8<sup>+</sup> cells, and they had significantly enhanced tumor cell killing capacity when compared to Standard Preparation. The higher secretion of IL-2, the critical T cell growth factor, is notable.

*Figure 16: Epi-R TIL had enhanced recognition and activity against autologous melanoma tumor cell line. Asterisks denote significant p-values between groups. The red bars in the graph on the left show that Epi-R T cells from TIL secreted increased levels of IFN $\gamma$  and IL-2 cytokines as compared to Standard Preparation after co-culture with autologous melanoma tumor cells, indicating greater activation and cytotoxicity potential. As a control, when TIL alone were measured without the presence of autologous tumor cells, they did not activate and did not secrete the cytokines. In the bar chart on the right, we demonstrate that production of IFN $\gamma$  secretion dropped significantly when target cells were coated with an antibody to HLA Class I, indicating that the tumor cell recognition was mediated by CD8<sup>+</sup> T cells.*



These cells were also shown to be more effective at tumor cell killing. In the graph below on the left, we show that Epi-R TIL T cells killed autologous tumor cells at approximately a 50% rate, whereas those TIL grown in Standard Preparation only killed at approximately a 20% rate. When we then performed an experiment to titrate different levels of Epi-R effector T cells against tumor cells, we showed, on the right graph below, that a 4:1 effector T cell to tumor cell ratio resulted in complete tumor eradication.

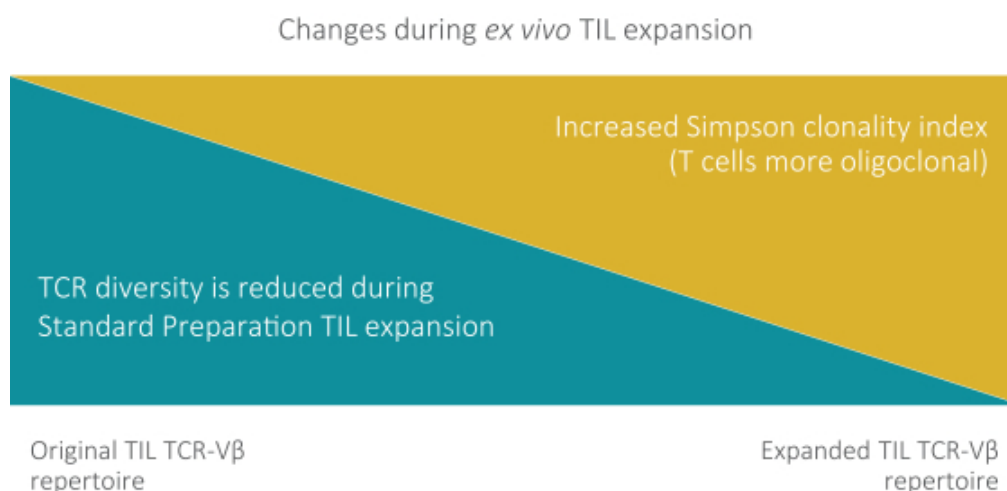
Figure 17: Epi-R TIL had improved ability to kill autologous tumor cells. Standard and Epi-R TIL were co-cultured with autologous melanoma tumor cells and their ability to kill tumor was measured after 24 hours (left panel). Altering the ratio of TIL:tumor cells (E/T ratio) can impact TIL ability to kill tumor. Epi-R TIL exhibited increased tumor killing at all E/T ratios, and at a 4:1 ratio Epi-R TIL successfully killed all tumor cells.



### Epi-R and retention of polyclonality

Epi-R has also demonstrated the ability to preserve the polyclonality of TIL preparations, one of the key advantages of this ACT modality. The figure below depicts a conceptual representation of what happens during typical TIL expansion in standard preparations: the expansion protocols result in loss of tumor-specific clones and significantly reduces the polyclonality of the cell preparations. We have shown with Epi-R that we can maintain the clonal diversity in TIL preparations with respect to the original repertoire of the TIL when first extracted out of the tumor.

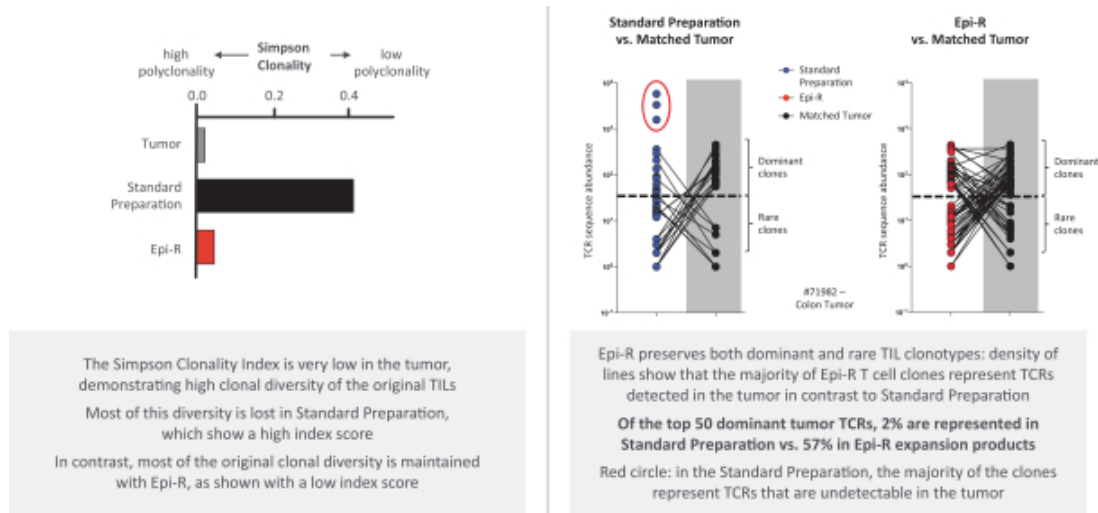
Figure 18: Standard TIL expansion preparations result in progressive loss of T cell polyclonality, resulting in reduced ability to recognize and respond to many tumor antigens. Epi-R preserves TIL polyclonality, increasing the ability of cell products to recognize and destroy tumor cells.



Quantitatively, we can measure polyclonality by the Simpson Diversity Index (or, in our use, the Simpson Clonality Index), shown below on the left (Figure 19). The Simpson Clonality Index is a quantitative tool that reflects diversity within a dataset; a low number represents high diversity, while a high number represents low diversity. An index value of 1 would represent a monoclonal population. The Simpson Clonality Index of TIL in the tumor is very low, demonstrating high clonal diversity of the original TILs. In standard TIL preparations, the majority of clones giving rise to the desired clonal diversity are lost upon stimulation and expansion as shown by the high Simpson Clonality Index. In contrast, most of the original tumor clonal diversity is maintained in TIL expanded with Epi-R, as shown with a low index score.

It is known that T cells migrating through tissues experience arrested migration upon recognition of their target tumor antigen, resulting in their activation and expansion, which is followed by their exhaustion. We quantified the TCRs from TILs and ranked them by the frequency of the clonotypes found. We compared the frequencies of individual TCRs after expansion in Standard Preparation or Epi-R conditions. On the right in the graph below, we show that Epi-R preserved both dominant and rare TIL clonotypes found amplified in the tumor; 57% of the TCR V $\beta$  sequences corresponded to the top 50 TCRs represented in the original TIL. By sharp contrast, only 2% of the TCR clonotypes expanded in the Standard Preparation were represented in the top 50 TCRs found in TIL.

Figure 19: Epi-R TIL exhibited increased T cell polyclonality and retention of original T cell clones. TCR sequencing was performed on Standard Preparation and Epi-R TIL and Simpson Clonality Index (a measure of polyclonality, with high Simpson values indicating low polyclonality) was measured. Epi-R TIL exhibited a low Simpson Clonality Index (left panel) that reflects increased diversity of T cell TCR repertoire. The relative abundance of TCRs that were observed in starting tumor T cell population was compared with standard and Epi-R expanded TILs. Epi-R TILs retained greater proportions of starting TCR repertoire after expansion.



We can further demonstrate that preserved polyclonality of the Epi-R preparations are specific to tumor neoantigens by counting the numbers of productive TCR rearrangements. In one study of TIL from a pancreatic cancer, we modeled predicted KRAS mutant-reactive T cells and evaluated the ability of Standard Preparation versus Epi-R expanded TILs to preserve KRAS mutant reactivity. KRAS is one of the most common and important mutations in human cancer, present in NSCLC, pancreatic, colorectal and other cancers. We observed that only Epi-R expanded TILs had all predicted KRAS mutant reactive clones present, indicating that those TILs preserved a broader TCR repertoire that is more reflective of the clonal diversity of T cells found in tumor; in other words, the more varied clonotypes of the TIL preparations were specific to predicted cancer neoantigens. In contrast, TILs expanded in Standard Preparation led to the loss of the tumor specific TCR clonotypes; in fact, the zeroes in the Standard Preparation column indicate that there are no T cells which can detect these predicted KRAS neoantigens (Figure 20).

## Table of Contents

Figure 20: Epi-R expanded T cells contained increased proportions of TCRs predicted to recognize hotspot KRAS tumor driver mutations. In contrast, Standard Preparation TILs did not retain these tumor target-reactive TCRs.

AMINO ACID	SUM (Productive Frequency)	PRESENT IN	Standard Preparation	EPI-R	70703-TUMOR_TCRB
CASSLGTDTQYF	0.000273449	3	2.85193E-05	0.000215095	2.98347E-05
CASSRGLGNTIYF	0.000316628	2	0	0.000286793	2.98347E-05
CASSQNYGYTF	5.37341E-05	2	0	2.38994E-05	2.98347E-05
CASSLVGTEAFF	0.000286635	2	0	0.000167296	0.000119339
CASSLRGTEAFF	0.001272605	2	0	0.00124277	2.98347E-05
CASSGDSYGYTF	5.37341E-05	2	0	2.38994E-05	2.98347E-05
CASGETQYF	5.37341E-05	2	0	2.38994E-05	2.98347E-05

### Epi-R Summary

Our Epi-R technology allows us to generate T cell therapy products that retain increased characteristics of stemness that have been clinically linked with effective antitumor immunotherapies. These qualities preserve stemness while also enhancing the functional ability of our cells to recognize and destroy tumor cells, what we term durable stemness. Epi-R fine-tunes the chromatin structure of the T cells which results in a new transcriptional profiles of T cells to yield a novel cell population that is distinct from those produced by standard expansion processes, with increased expression of a distinct population of cells expressing key genes linked with T cell engraftment, expansion, *in vivo* persistence and function. Trajectory analyses of Epi-R T cell populations demonstrate that both stem-like and effector populations are maintained in the face of persistent activation, proliferation and multiple cycles of tumor killing, supporting a durable ability to self-renew. As predicted, clinical scale production of Epi-R cells show that they maintain all of these properties, thus addressing one of the challenges in ACT product production – how to maintain functionality of T cells during expansion. Our Epi-R T cell populations have increased durable functionality against tumors *in vitro* and *in vivo*, with increased ability to eradicate established tumors in realistic animal models of human cancer. Applying Epi-R to TIL expansion, we have been able to generate TIL products that exhibit increased polyclonality and retention of key TCR clonotypes in cells grown to clinically meaningful numbers. Our Epi-R TIL are able to effectively recognize and respond to autologous tumor cell lines by secreting key inflammatory cytokines and displaying increased ability to kill cancer on a per-cell basis. In utilizing Epi-R to create T cells with the qualities associated with clinical antitumor effectiveness, we believe that we have generated an opportunity to cure solid cancers.

### The Next Frontier: Epigenetic Rejuvenation of T Cells

We believe that Epi-R – the epigenetic reprogramming of T cells to create Epi-R cell populations with durable stemness – holds great potential. However, new science is emerging that provides insight into additional opportunities to capture the potential of T cells enhanced with the required properties to eradicate cancer. We can think of two cellular parameters as cells develop and differentiate over the life of an organism: cellular identity and age. The decline in function with aging is stereotypical in many cells; it has been well characterized in T cells. Aging of adult stem cells is thought to play a central role in determining the effect of aging on organismal function. Each T cell clonotype can be renewed from a stem cell-like state, but self-renewal, proliferation, function, persistence and antitumor activity are thought to be impacted by aging. We and others have documented the impact of aging on T cell function, which begins to decline after puberty, and at an increasingly accelerated rate after age 65. Morbidity and mortality from cancer also increases with age.



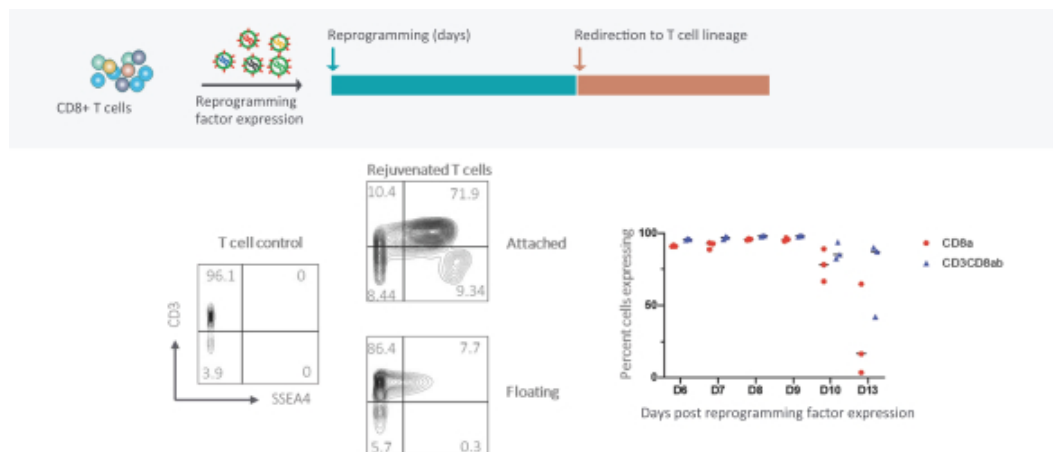
## Table of Contents

We therefore sought to rejuvenate antitumor T cells. The most transformative examples of cell reprogramming have been demonstrated by Shinya Yamanaka, who proved through his Nobel Prize-winning work the ability to reprogram and dedifferentiate somatic cells into induced pluripotent stem cells utilizing four transcription factors (OCT3/4, SOX2, KLF4 and c-MYC; or OSKM), termed the Yamanaka factors. These factors regulate the developmental signaling network necessary for embryonic cell pluripotency. These iPSCs are remarkable in two ways: they are fully de-differentiated and they are rejuvenated to age zero, the age of cells immediately post-fertilization.

Recently, numerous labs have made a leap in cellular reprogramming, called partial reprogramming. By carefully controlling cell exposure to OSKM, scientists have been able to retain the functionality of cells while avoiding the impacts of aging. Rejuvenation can be measured by the reacquisition of youthful properties like enhanced stem cell proliferation and by newly discovered molecular clocks, which measure the intrinsic cellular epigenetic changes associated with aging. These intrinsic 'clocks' can be measured by DNA methylation patterns. We have early data for the first time with T cells illustrating the ability to "turn back" the epigenetic clock in a process called cell rejuvenation, the cell's identity as would occur in de-differentiation. This cell rejuvenation process utilizes transient expression of OSKM, and/or other reprogramming factors.

Our data illustrates that when we express the reprogramming factors in a T cell population for a prolonged amount of time, T cells lose their identity and start to acquire markers associated with mesenchymal and embryonic stem cells. During this process, cells acquire the expression of stage-specific embryonic antigen-4 (SSEA-4) and begin to attach to the cell culture substrate. We are developing a method to revert the initial changes caused by reprogramming to regenerate T cell identity while reducing the epigenetic age of the cells.

*Figure 21: CD8<sup>+</sup> T cells were isolated from a normal donor and transiently exposed to reprogramming factors. Transient exposure to reprogramming factors enabled a change of behavior of cells – which included attachment to the cell culture substrate and the expression of SSEA-4. Cells retained expression of T cell lineage markers if the redirection step is started before approximately 9 days; longer exposure to classical iPSC reprogramming resulted in loss of cell identity as measured by the inability to recover hallmark cell identity markers CD8 and CD3.*

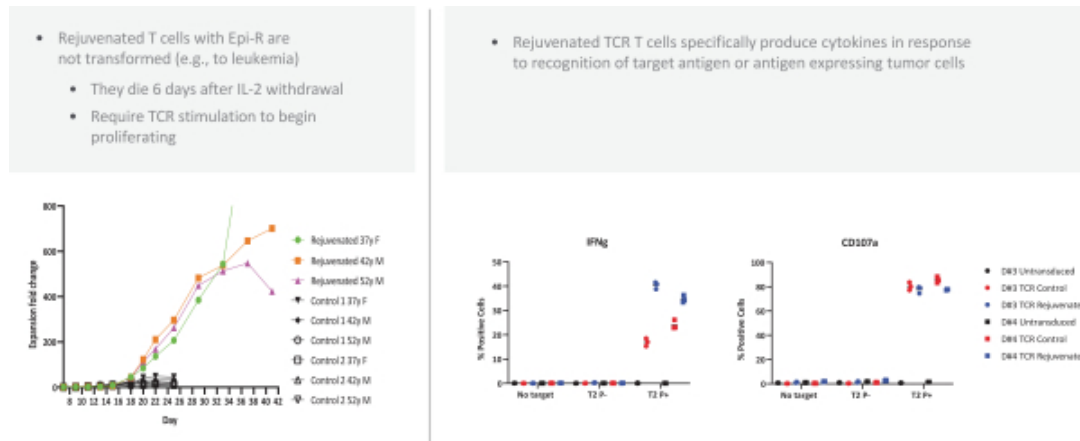


When the age of these cells were measured with the epigenetic clock, we observed that treating donor cells from individuals aged 21 and 43 (and the epigenetic clock measurement is consistent with

## Table of Contents

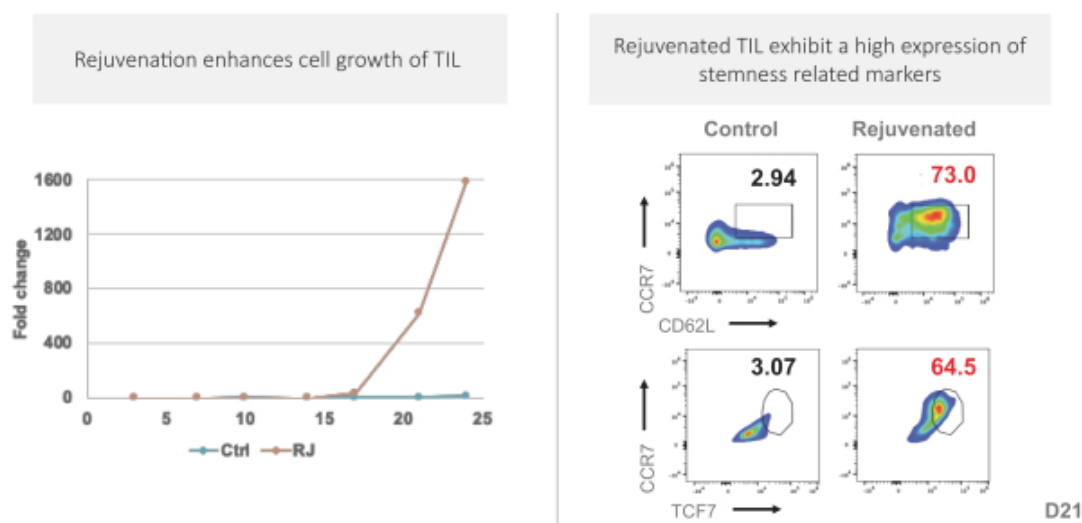
the donor information) with transient expression of reprogramming factors, resulted in rejuvenated cell populations with clock measurements of 7-16 year-olds. These treated cells exhibit markedly enhanced and sustained proliferation *in vitro* and recognize tumor antigen. They retain their T cell identity and are not transformed; specifically, they are not proliferating uncontrollably as cancer cells do, and they require typical T cell activating signals such as IL-2 and TCR stimulation. Upon such stimulation, they behave as T cells and produce the expected cytokines in response to cancer antigen or antigen-expressing tumor cells.

Figure 22: Partially reprogrammed T cells were rejuvenated, showing marked proliferation while retaining T cell identity and exhibiting enhanced function



We have also performed experiments involving the rejuvenation of TILs. Rejuvenation on TILs extracted from solid tumors shows dramatic improvements in cell growth and increases in the populations of T cells expressing stemness-associated markers such as CD62L, CCR7 and TCF7, which are closely associated with better and prolonged antitumor activity.

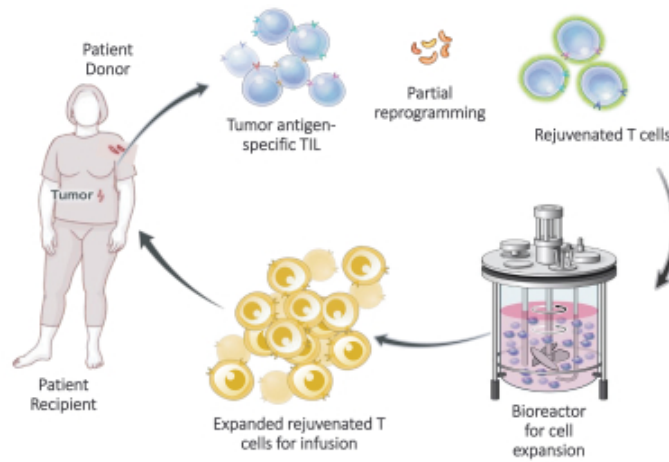
Figure 23: Rejuvenation of lung TILs of a 66-year-old patient. When compared to control conditions, cells exposed to reprogramming factors showed enhanced proliferative capacity and expression of cell phenotypes expressing CCR7, CD62L and TCF7, hallmarks of T cell populations with stem-like properties.



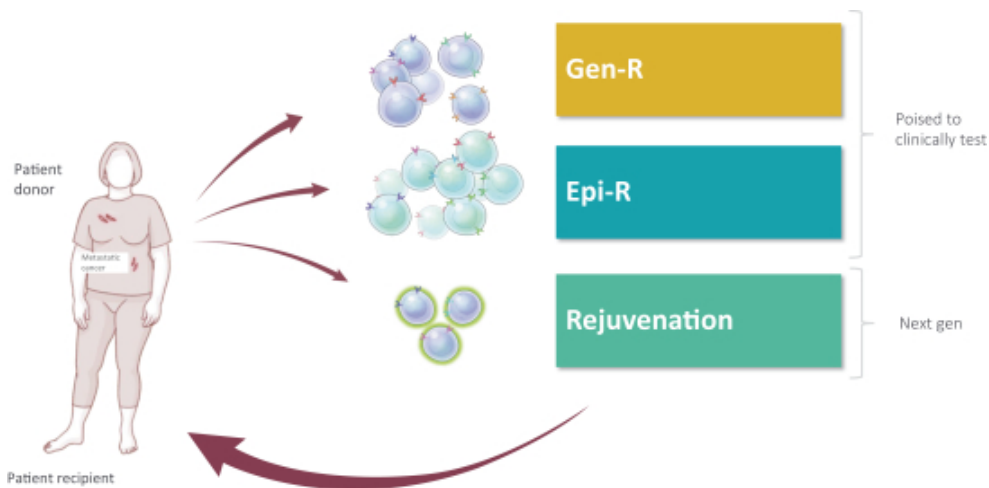
We believe T cell rejuvenation has the potential to be the next disruptive technology in cell-based therapy. Rejuvenated cells would be epigenetically younger and have higher proliferative potential and stemness properties. In the setting of tumor treatment using CAR, TCR-transduced, or naturally occurring TILs, T cells may have the ability to engraft and destroy solid tumors long term. Although T cell rejuvenation offers a revolutionary path to new treatments in the area of cancer, we believe that in the longer-term, this technology has potential application in non-oncology indications such as autoimmune and infectious diseases.

Building upon our work with Epi-R cell populations, we expect that the future production for next generation TIL could involve a partial reprogramming step, as illustrated in Figure 24.

Figure 24: potential next generation ACT including cell rejuvenation



**Summary: Our Technology Platforms**



We are a T cell reprogramming company focused on the goal of curing solid tumors. We are poised to test Gen-R and Epi-R in the clinic across multiple modalities, targets and indications beginning in 2022, and have next generation efforts ongoing in cell rejuvenation. Together, we believe these technology platforms, applied to ACT, provide us with the greatest potential of being able to eradicate cancer cells.

**Our Programs**

The application of our platform has generated several promising living cell product candidates across multiple ACT modalities in a wide range of solid tumor settings. We are utilizing our Gen-R and Epi-R technology platforms to develop a multi-modality product pipeline with multiple IND submissions expected by . Each of our programs provide opportunities to expand into additional indications

beyond the patient populations we are initially targeting. Our product candidates are summarized in the table below:

	TECHNOLOGY	TARGET	COMMERCIAL RIGHTS	INDICATION	PHASE	NEXT MILESTONE
CAR	Gen-R & Epi-R	ROR-1 (LYL797)	LYELL	<ul style="list-style-type: none"> <li>• NSCLC</li> <li>• TNBC</li> <li>• Other solid tumors</li> </ul>	Preclinical	Submit IND in
TIL	Epi-R	Polyclonal (LYL845)	LYELL	<ul style="list-style-type: none"> <li>• Multiple solid tumor histologies</li> </ul>	Preclinical	Submit IND in
TCR	Gen-R	NY-ESO-1*	GSK	<ul style="list-style-type: none"> <li>• Synovial sarcoma</li> <li>• Other solid tumors</li> </ul>	Preclinical	Submit IND in
	Epi-R				Preclinical	

\* Our collaborator, GSK, is developing an NY-ESO-1 TCR T cell product candidate, currently in pivotal development. While we are currently evaluating Gen-R and Epi-R in separate preclinical programs for this product candidate, together these programs could represent a single future product opportunity for GSK utilizing one or both of our technology platforms.

**LYL797: Our CAR T Cell Program Targeting ROR1 in Multiple Solid Tumors**

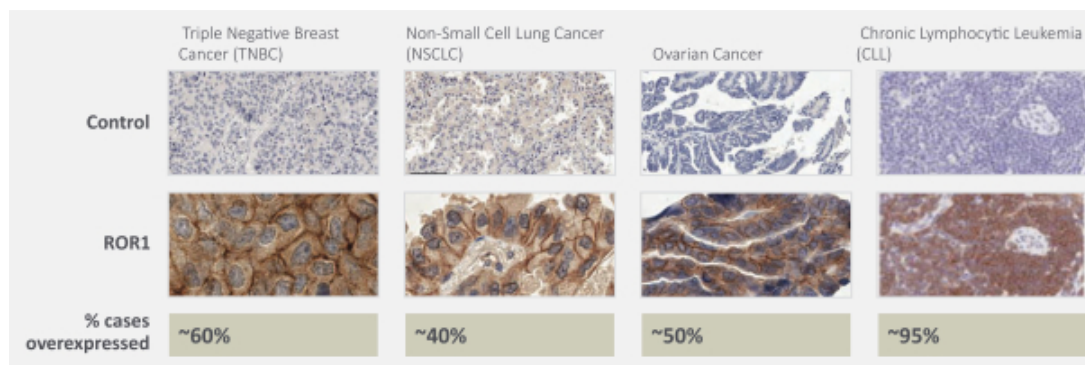
We are applying our Gen-R and Epi-R technology platforms to our lead CAR program, LYL797, which is expected to be an IV administered CAR T cell product candidate targeting ROR1 with a proprietary optimized EGFRopt safety switch. We are initially developing LYL797 for the treatment of ROR1+ NSCLC and TNBC. ROR1 expression is associated with poor prognosis and significant subsets of patients with common cancers express ROR1, including TNBC (~60%) and NSCLC (~40%), two of the highest ROR1 expressing indications. If successful, we anticipate expanding into other ROR1+ cancers with a lower incidence of ROR1 expression, including HR+ breast cancer, ovarian cancer and other solid tumors. We expect to submit an IND for LYL797 by .

*Rationale for ROR1*

We have selected ROR1 as our initial target because it is highly expressed in certain solid tumor types and clinical data has been generated using ROR1 CAR T cells that demonstrate exhaustion and thus serve as a good vehicle to test our Gen-R technology. Data from multiple third-party clinical trials of ROR1 targeted therapies in hematologic and solid tumor cancers suggest that targeting ROR1 was well tolerated with no on-target, off-tumor toxicity observed despite ROR1 expression in a number of normal tissues.

Figure 25 below shows pathological immunohistochemistry (IHC) staining of ROR1 in TNBC, NSCLC, ovarian cancer and CLL against control, and the approximate epidemiological frequencies of ROR1 overexpression. This pattern of ROR1 overexpression provided an opportunity to test a ROR1 CAR in both solid and hematological cancers to observe the impact of these different tumors on the T cells.

Figure 25: IHC staining of ROR1



**Background on Target Indications**

Patients with solid tumors, including TNBC, NSCLC, ovarian cancer or HR+ breast cancer often face a poor prognosis and low rates of long-term survival. Although patients may benefit initially from radiation therapy, chemotherapy, surgery and more advanced alternatives such as ICB, immunotherapies or targeted therapies, most patients eventually relapse. After becoming resistant to initial lines of therapy, patients are limited to palliative care, experimental therapies in clinical trials, or chemotherapy regimens that often highly toxic and largely ineffective. Patients are further challenged by high rates of late-stage diagnosis, when tumors have metastasized. Despite recent advances in therapeutic development, for most patients diagnosed with solid tumors, a significant unmet medical need exists and long-term survival rates remain low.

Triple Negative Breast Cancer

Breast cancer is the second most common cancer in American women. Currently, the average risk for a woman in the United States to develop breast cancer is approximately 13%. The American Cancer Society estimates that about 43,600 women will die from breast cancer in the United States in 2021. Breast cancers that demonstrate the absence of estrogen receptor and progesterone receptor and no overexpression of HER2 are referred to as TNBC. Approximately 15% of patients with breast cancer have TNBC and TN status tends to be more common in women younger than age 40, who are African-American, or who have a BRCA1 mutation. In the United States, approximately 135,000 women suffered from TNBC in 2017 and the incidence rate was estimated to be 13.2 per 100,000 women. TNBCs present a high tendency to metastasize and patients are at a higher risk to relapse compared to other molecular types. TNBC differs from other types of invasive breast cancer in that they grow and spread faster, have limited treatment options, and a worse prognosis. Once TNBC has spread to distant parts of the body, the 5-year survival rate is only 11.5%. ROR1 is overexpressed in approximately 57% of patients with TNBC and ROR1 expression is correlated with poorer outcomes.

Non-Small Cell Lung Carcinoma

Lung cancer is the second most common cancer and is the leading cause of cancer mortality worldwide. It is estimated that 135,720 (72,500 men and 63,220 women) deaths from this disease occurred in 2020. NSCLC, defined as any type of epithelial lung cancer other than small-cell lung carcinoma (SCLC), accounts for about 84% of all lung cancers. In 2016, the incidence of NSCLC varied widely, ranging from 3 to 57 per 100,000 in Africa and North America respectively, with ~2 million cases diagnosed globally. For people with localized NSCLC, the overall 5-year survival rate is ~61%. For regional NSCLC, the 5-year survival rate is ~35%. Based on current data, when cancer metastasizes, the 5-year survival rate is 6%. ROR1 is overexpressed in approximately 42% of patients with NSCLC adenocarcinomas.

### Ovarian Cancer

Ovarian cancer is one of the most common gynecologic malignancies in women worldwide. Although ovarian cancer accounts for only ~4% of cancers in women worldwide, it is the eighth most common cause of cancer death, resulting in greater than 150,000 deaths per year, or ~4% of all cancer deaths. In the United States, approximately 235,000 women suffered from ovarian cancer in 2017 and the incidence rate was estimated to be 11.2 per 100,000 women. Only 30% of advanced stage ovarian cancer patients survive for five years after initial diagnosis and the majority of cases are detected in later stages. Late stage diagnosis is due in part to the largely asymptomatic nature of early stage disease and a lack of effective screening methods, coupled with the tumor's inherent aggressive biology. ROR1 is overexpressed in approximately 50% of patients with ovarian cancer.

### HR+ Breast Cancer

Breast cancer is categorized into subtypes based on the presence or absence of molecular markers for estrogen or progesterone receptors and HER2. Breast cancers that test positive for estrogen receptors, progesterone receptors, or both are HR+ breast cancers, with most cases testing positive for estrogen receptors. HR+ breast cancers account for the most common molecular subtypes of breast cancer, including Luminal A (HR+/HER2-) and Luminal B (HR+/HER2+), which together represent ~78% of all breast cancers. Luminal A is the most common type of breast cancer, representing ~68% of all breast cancer cases and tends to be slower-growing and less aggressive than other subtypes. In the United States, HR+ breast Cancer has an incidence rate of 100.3 per 100,000 women and it was estimated in 2017 that approximately 1,030,243 and 145,805 women had Luminal A and Luminal B breast cancer, respectively. Although prognosis for early stages is favorable, 5-year survival rates fall significantly in later stages. Once HR+ breast Cancer has spread to distant parts of the body, the 5-year survival rate is only 30.4% and 43.5% for Luminal A and Luminal B breast cancer, respectively. ROR1 is overexpressed in approximately 12% of patients with HR+ breast cancer.

### Additional Indications

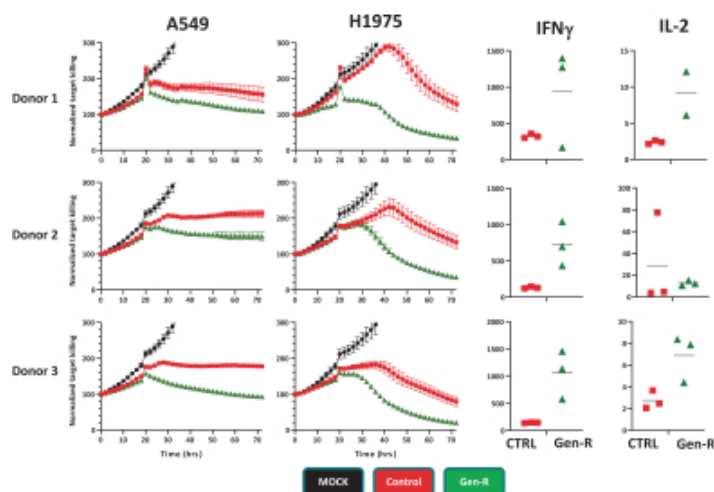
ROR1 has been reported to be expressed in many other solid tumors beyond breast, lung and ovarian, including prostate, stomach, endometrial and pancreatic, providing multiple opportunities for indication expansion. Many of these indications are unaddressed or under-addressed with currently approved therapeutics; further, patients with ROR1 expression tend to experience poorer outcomes on these treatments and poorer prognosis. These indications represent a significant unmet need and a substantial opportunity.

### *Preclinical Data*

We have conducted a number of preclinical *in vitro* and *in vivo* experiments of LYL797 against ROR1+ solid tumors. These studies have demonstrated that LYL797, which incorporates Gen-R and Epi-R, maintains stem-like phenotypes and can resist exhaustion while inhibiting tumor growth in models of tumor cells expressing ROR1.

Gen-R and Epi-R, in combination with ROR1-targeted CAR T cells, have been evaluated preclinically in *in vitro* and *in vivo* models. In the studies depicted below, we exposed ROR1 + Gen-R CAR T cells (ROR-1 + Gen-R) and other ROR1 CAR T cells without Gen-R (Control) to chronic stimulation by repeated exposure to ROR1+ NSCLC tumor cells, with fresh tumor cells introduced every two days. After seven days of chronic stimulation, we assessed cytolytic ability and cytokine release from the T cells. In all donors, the ROR1 + Gen-R T cells demonstrated improved maintenance of cytotoxicity against ROR1+ tumor cells while producing increased levels of cytotoxic cytokines, such as IFN $\gamma$ . This suggests persistence of activity and thus lack of exhaustion in ROR1 + Gen-R versus Control T cells (Figure 26).

Figure 26: In vitro experiment demonstrated superior ability of ROR1 + Gen-R T cells to resist T cell exhaustion. In this experiment we repeatedly stimulated T cells from three different donors with ROR1+ lung cancer cells (cell lines A549 and H1975). After four rounds of stimulation over seven days, we tracked tumor killing kinetics by measuring reduction of tumor cells over time. Shown here are results comparing ROR1 + Gen-R T cells (Gen-R, in green), to Control T cells (Control, in red), and to T cells without a ROR1 CAR (Mock, in black). In both the left and middle columns (against two lung tumor cancer cell lines—A549 and H1975), the green line is below the red and black lines, indicating that more tumor killing occurred with ROR1 + Gen-R T cells. In addition, as shown in the right panel, at 24 hours after the fourth round of stimulation, the ROR1 + Gen-R T cells produced more of the killing-associated cytokines IFN $\gamma$  and IL-2.

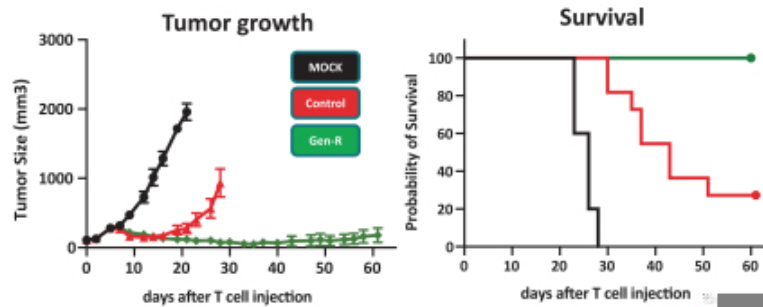


In *in vivo* experiments the ROR1 + Gen-R T cells achieved superior tumor growth inhibition relative to Control in murine models of ROR1+ lung cancer. Importantly, as shown in the figure below, Control T cells were administered at a sub-therapeutic dose and did not result in complete tumor eradication, while the ROR1 + Gen-R T cells, when administered intravenously at the same dose, demonstrated near complete inhibition of tumor growth.



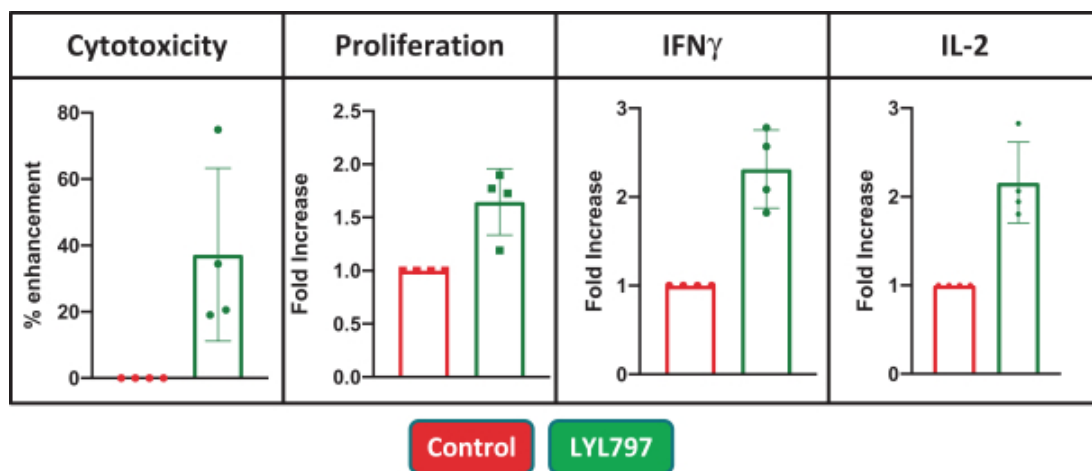
[Table of Contents](#)

Figure 27: In vivo study demonstrated inhibition of tumor using ROR1 + Gen-R T cells. In this study, tumor cells from a human ROR1+ lung cancer cell line were implanted into NSG mice. When tumors reached 100mm<sup>3</sup>, the mice were intravenously injected with ROR1 + Gen-R T cells (Gen-R, in green), Control T cells (Control, in red) or T cells without a ROR1 CAR (Mock, in black). The left panel shows results from tracking tumor growth. The black and red lines, Mock and Control, go up over time, while the green line at the bottom, ROR1 + Gen-R, is nearly flat. At the end of the study (60 days post T cell injection) all of the mice treated with ROR1 + Gen-R T cells were alive and had no meaningful change in body weight.



Additional *in vitro* experiments demonstrate synergistic improvement of CAR T cells by implementing Epi-R in addition to Gen-R (LYL797). When repeatedly exposed to ROR1+ NSCLC tumor cells, with fresh tumor cells introduced every three days, LYL797 showed increases in cytotoxicity, proliferation and secretion of cytokines compared to ROR1 + Gen-R, across all donors.

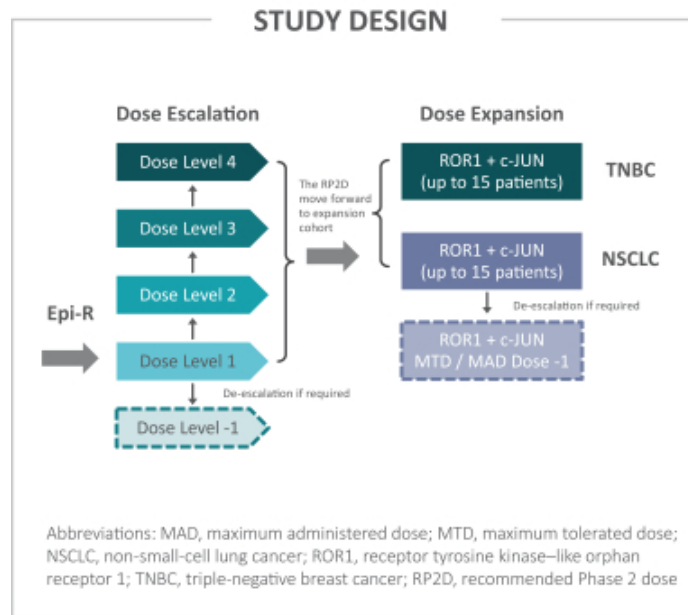
Figure 28: In vitro, application of Epi-R technology resulted in better functional activity of ROR1 + Gen-R T cells. LYL797 T cells (LYL797, in green) and ROR1 + Gen-R T cells (Control, in red) were repeatedly stimulated every three days with tumor cells from a ROR1+ lung cancer cell line (A549). During the final stimulation, we measured the percent enhancement in tumor cell clearance (cytotoxicity) or the fold increase in proliferation and 24 hour cytokine production of LYL797 T cells compared to ROR1 + Gen-R T cells. Data from four donors is shown. LYL797 T cells showed increases in cytotoxicity, proliferation and secretion of cytokines compared to ROR1 + Gen-R T cells.



*Our Planned Phase 1 Trial*

We have designed our planned Phase 1 trial as a dose escalation and expansion study of LYL797 in approximately 40 patients with relapsed/refractory TNBC or NSCLC who have failed at least two lines of therapy. The primary endpoint of our Phase 1 trial will be the safety and tolerability of LYL797. Additionally, we will investigate whether LYL797 T cells resist exhaustion. Patients will be monitored for cytokine release syndrome (CRS) and immune effector cell-associated neurotoxicity syndrome (ICANS), as well as tissue specific toxicities in ROR1-expressing organs. As a safety measure, we have included our EGFRopt safety switch in our construct. Thus, cetuximab may be used as a safety intervention. Secondary endpoints are clinical activity based on the evaluation of antitumor activity as evaluated by Response Evaluation Criteria in Solid Tumors (RECIST) criteria and characterization of the pharmacokinetic profile of LYL797. We plan to include exploratory biomarkers of T cell stemness and function to explore the impact of Gen-R and Epi-R in this trial. Once a safe dose is identified during dose escalation in TNBC, we plan to enroll a total of 15 patients with TNBC and 15 patients with NSCLC at the recommended Phase 2 dose (RP2D) of LYL797. We expect to submit an IND for LYL797 in

Figure 29: LYL797 Phase 1 study design



**LYL845: Our TIL Program Targeting Multiple Solid Tumor Indications**

We are applying our Epi-R technology to develop our product candidate, LYL845, which is expected to be an IV administered autologous TIL therapy in multiple solid tumors. TILs have previously shown clinical benefit in patients with melanoma and other solid tumors with high mutation burdens. Published data from third-party TIL trials show that treating metastatic melanoma patients with TILs results in a 50% or greater response rate, with up to half of those responses complete and durable. TIL therapy has also been shown to result in responses in patients with advanced cervical, lung, breast and gastrointestinal cancers, although response rates in these tumor histologies are much lower than that observed in the melanoma setting. TILs target a variety of tumor antigens, but it is thought that the clinical efficacy of TILs is largely driven by specific recognition of mutated tumor

## [Table of Contents](#)

neoantigens. Further, broad TIL efficacy has been limited by poor enrichment of tumor-reactive T cells, poor quality and growth potential of expanded T cells, and failure to maintain polyclonality of TILs during production. We have designed LYL845 to incorporate our Epi-R technology that has shown promising improvements in enhancing T cell potency, antitumor activity and increased polyclonality of TILs. We expect to submit an IND to test LYL845 in multiple solid tumor indications in

### *Background on Target Indications*

We are targeting cervical, pancreatic, non-small cell lung, breast and colorectal cancer as well as melanoma initially, which all have a high unmet need based on the current treatment landscapes. Although patients may benefit initially from radiation therapy, chemotherapy, surgery and more advanced alternatives such as checkpoint therapies, immunotherapies or targeted therapies, most patients with these types of cancers eventually relapse. After becoming resistant to initial lines of therapy, patients are limited to palliative care, experimental therapies in clinical trials, or chemotherapy regimens that often highly toxic and largely ineffective. Overall, despite recent advances in therapeutic development, for most patients diagnosed with solid tumors, a significant unmet medical need exists and long-term survival rates remain low.

#### Melanoma

Melanoma arises due to genetic mutations in melanocytes, the pigment producing cells, which can be found in the skin, eye, inner ear and leptomeninges, and represents the most aggressive and the deadliest form of skin cancer. Although melanoma accounts for only ~1% of all dermatologic cancers, it is responsible for ~80% of deaths from skin cancer and only ~14% of patients with metastatic melanoma survive for five years. It is estimated that there are over 105,000 new cases of melanoma diagnosed in the United States per year, and over 7,000 deaths per year.

#### Cervical Cancer

While increased use of Pap tests has improved the death rates from cervical cancer in recent years, it is still a common cancer diagnosed in women in the United States. It is estimated that there are approximately 15,000 new cases of cervical cancer a year, resulting in about 4,000 deaths. Patients diagnosed with metastatic disease generally have significantly poorer prognosis and fewer treatment options. For patients with localized cervical cancer, the overall 5-year survival rate is ~92%. For regional cervical cancer, the 5-year survival rate is ~58%. When the cancer has metastasized, the 5-year survival rate is 17%.

#### Head and Neck Cancer

Cancers that are known collectively as head and neck cancers usually begin in the squamous cells that line the moist, mucosal surfaces inside the head and neck, otherwise known as squamous cell carcinomas. Cancers of the head and neck are further categorized by the area of the head or neck in which they begin: oral cavity, pharynx, larynx, paranasal sinuses and nasal cavity and salivary glands. Head and neck cancers account for approximately 4% of all cancers in the United States and are more than twice as common among men as they are among women. In 2021, an estimated 67,000 people will develop head and neck cancer. Additionally, it is estimated that nearly 15,000 deaths from head and neck cancer will occur in 2021. Approximately one out of five head and neck cancer cases will be metastatic, with tumors spreading past the squamous cells into deeper layers of tissue, past the epithelium layer into the mucosa. Five-year survival rates for head and neck vary based on the subtype of cancer. For people with oral cavity and pharynx cancer, a common type of head and neck cancer, that is local, the overall 5-year survival rate is 85%. When cancer has metastasized, the 5-year survival rate is 40%. For another prevalent type of head and neck tumors, laryngeal cancer, localized cancers

## [Table of Contents](#)

have a 78% 5-year survival rate. For regional laryngeal cancer, the 5-year survival rate is 45%. When cancer has metastasized, the 5-year survival rate is 34%. Across other head and neck cancers, 5-year survival rates fall in a similar range.

### Pancreatic Cancer

Pancreatic cancer is an aggressive form of cancer that develops largely in the exocrine cells of the pancreas. Pancreatic cancer represents roughly 3% of all cancers, but due to poor prognosis associated with pancreatic cancer, it represents 7% of all cancer deaths. It is estimated that there are approximately 60,000 new cases of pancreatic cancer in the United States per year, and 50,000 deaths from this disease a year, making it the fourth leading cause of cancer death. For patients diagnosed with localized pancreatic cancer, the overall 5-year survival rate is ~39%, but 5-year survival rates drop to as low as 3% when patients are diagnosed with metastatic disease. At the time of diagnosis, a majority, or 52%, of pancreatic cancer cases have progressed to metastatic disease.

### Non-Small Cell Lung Cancer

Lung cancer is the second most common cancer and is the leading cause of cancer mortality worldwide. It is estimated that 135,720 (72,500 men and 63,220 women) deaths from this disease occurred in 2020. NSCLC accounts for about 84% of all lung cancers. In 2016, the incidence of NSCLC varied widely, ranging from 3 to 57 per 100,000 in Africa and North America respectively, with ~2 million cases diagnosed globally. For people with localized NSCLC, the overall 5-year survival rate is ~61%. For regional NSCLC, the 5-year survival rate is ~35%. Based on current data, when cancer metastasizes, the 5-year survival rate is 6%.

### Breast Cancer

Breast cancer is the most common cancer in American women, except for skin cancers. Approximately, 13% of women will be diagnosed with breast cancer at some point during their lifetime, with a current estimated 3.5 million women living with breast cancer in the United States as of 2017. It is estimated that there are approximately 275,000 new cases of breast cancer diagnosed in the United States per year, representing about 15% of all new cancer cases in the United States with a 90% 5-year relative survival. When cancer has metastasized, the 5-year survival rate drops to 6%. Over 40,000 deaths in the United States are expected to occur annually from breast cancer.

### Colorectal Cancer

Colorectal cancer is the fourth most common cancer diagnosed in the United States. Most colorectal cancers are a type of tumor called adenocarcinoma, which is cancer of the cells that line the inside tissue of the colon and rectum, but other types of less frequently arising colorectal tumors include neuroendocrine tumor of the gastrointestinal tract, gastrointestinal stromal tumor, small cell carcinoma and lymphoma. It is estimated that there are approximately 100,000 new cases of colon cancer and 45,000 new cases of rectal cancer in the United States per year. Further, it is the second most common cause of cancer deaths in the United States, estimated to cause over 50,000 deaths a year. For patients with localized colorectal cancer, the overall 5-year survival rate is ~90%. For regional colorectal cancer, the 5-year survival rate is ~72%. For patients diagnosed with metastatic disease, the 5-year survival rate is 14%. Approximately 25% of patients have metastatic disease at diagnosis, and about 50% of patients with colorectal cancer will eventually develop metastases. Over 35% of the patients with a new diagnosis of CRC will die within five years.

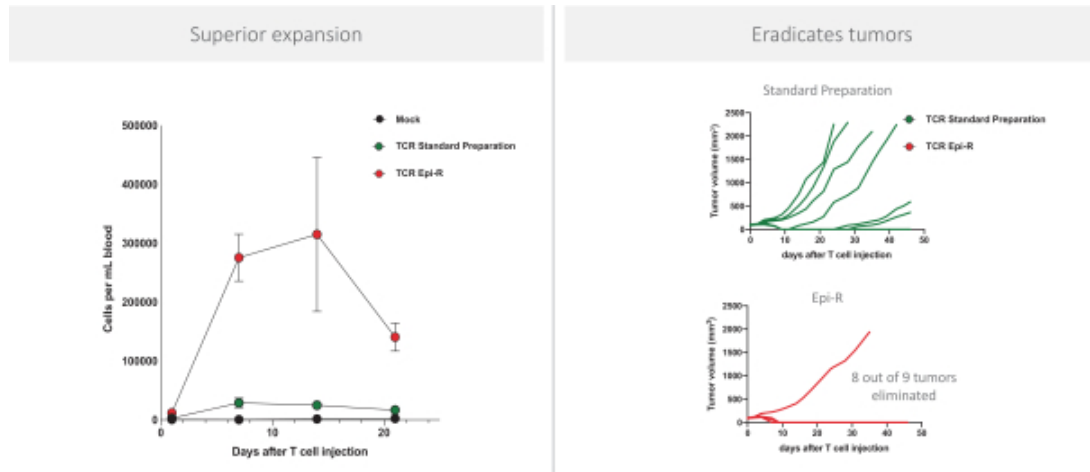
### *Our Preclinical Data*

We have conducted a number of preclinical *in vitro* and *in vivo* studies of LYL845 which suggest TILs enhanced with Epi-R maintain properties of durable stemness, including superior expansion and tumor eradication in both animal studies and autologous experiments, as well as polyclonality.

## Table of Contents

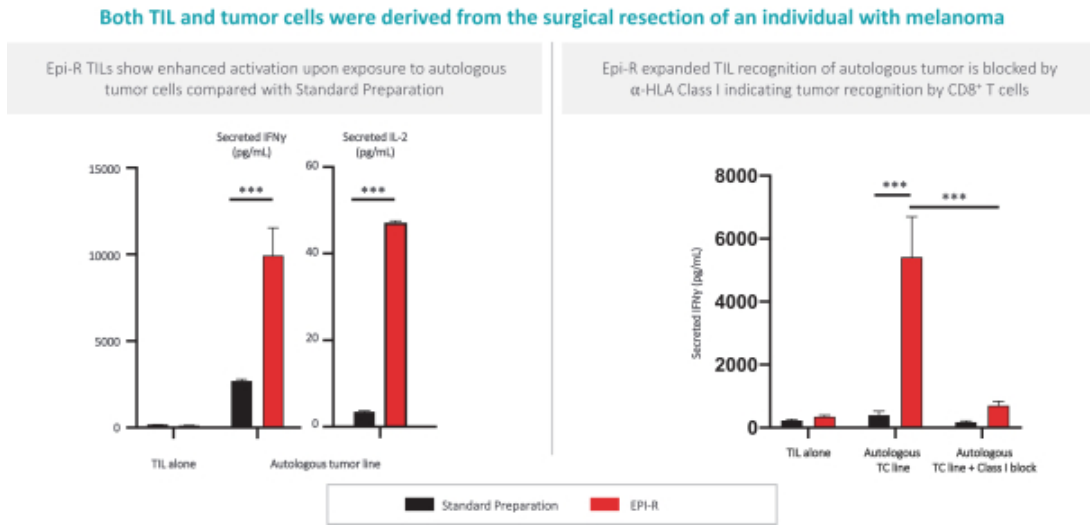
Our Epi-R T cell populations have demonstrated superior expansion in *in vivo* mouse models. We injected Epi-R T cells in tumor bearing mice, and at seven days post injection, we observed 30-50-fold more T cells in mice injected with Epi-R T cells, as compared to mice injected with T cells expanded in Standard Preparation. We also observed, after 40 days, tumor eradication in 8 out of 9 mice treated with Epi-R T cells versus eradication in only 1 out of 9 mice treated with Standard Preparation.

Figure 30: Epi-R T cells had improved expansion *in vivo* as shown in the left panel and had greatly improved antitumor function in mouse models of cancer, as shown on the right. Epi-R T cells completely eliminated tumors in 8 out of 9 treated mice (note overlapping red lines in Epi-R tumor killing along the x-axis).



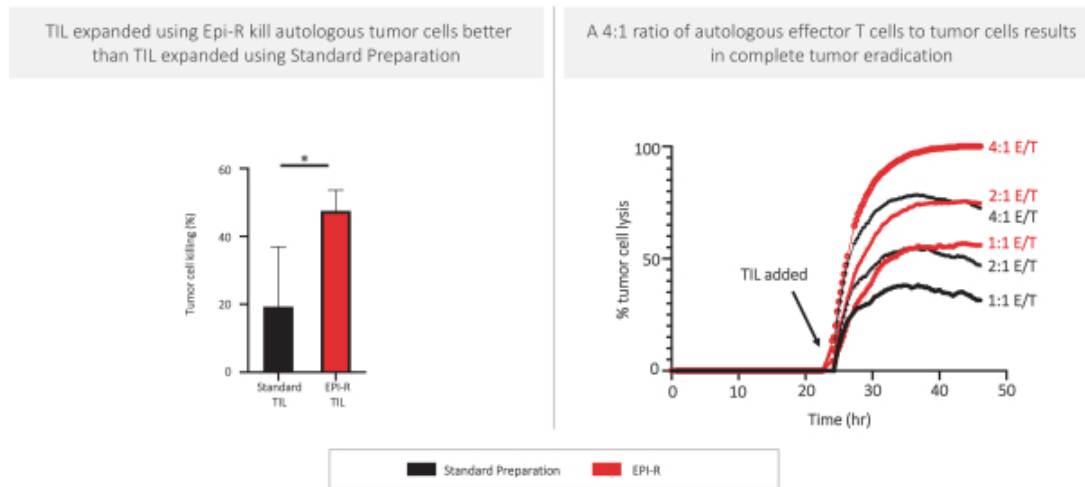
In *in vitro* studies we evaluated Epi-R expanded TIL recognition of autologous melanoma cancer cells. Utilizing a patient melanoma tumor excision, we both extracted and expanded TIL from that specimen in either Standard Preparation or Epi-R, and created a cancer cell line in order to evaluate whether the expanded TIL from that tumor recognize and react to that patient's own cancer cells. We were able to demonstrate that Epi-R TIL do exhibit enhanced activation, the response is mediated by activated killer CD8<sup>+</sup> cells, and they have significantly enhanced tumor cell killing capacity when compared to Standard Preparation. The higher secretion of IL-2, the critical T cell growth factor, is notable.

Figure 31: Epi-R TIL had enhanced recognition and activity against autologous melanoma tumor cell line. Asterisks denote significant p-values between groups. The red bars in the graph on the left show that Epi-R T cells from TIL secreted increased levels of IFN $\gamma$  and IL-2 cytokines as compared to Standard Preparation after co-culture with autologous melanoma tumor cells, indicating greater activation and cytotoxicity potential. As a control, when TIL alone were measured without the presence of autologous tumor cells, they did not activate and did not secrete the cytokines. In the bar chart on the right, we demonstrate that production of IFN $\gamma$  secretion dropped significantly when target cells were coated with an antibody to HLA Class I, indicating that the tumor cell recognition was mediated by CD8 $^+$  T cells.



These cells were also shown to be more effective at tumor cell killing. In the graph below on the left, we show that Epi-R TIL T cells killed autologous tumor cells at approximately a 50% rate, whereas those TIL grown in Standard Preparation killed at approximately a 20% rate. We also observed, in an experiment to titrate different levels of Epi-R TIL T cells against tumor cells, that a 4:1 effector T cell to tumor cell ratio resulted in complete tumor eradication.

Figure 32: Epi-R TIL had improved ability to kill autologous tumor cells. Standard and Epi-R TIL were co-cultured with autologous melanoma tumor cells and their ability to kill tumor was measured after 24 hours (left panel). Altering the ratio of TIL:tumor cells (E/T ratio) can impact TIL ability to kill tumor. Epi-R TIL exhibited increased tumor killing at all E/T ratios, and at a 4:1 ratio Epi-R TIL successfully killed all tumor cells.

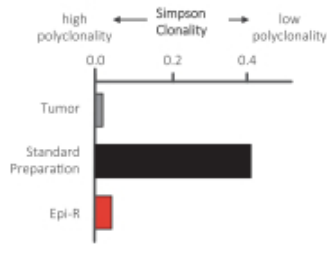


Epi-R has also demonstrated the ability to preserve the polyclonality of TIL preparations, one of the key advantages of this ACT modality.

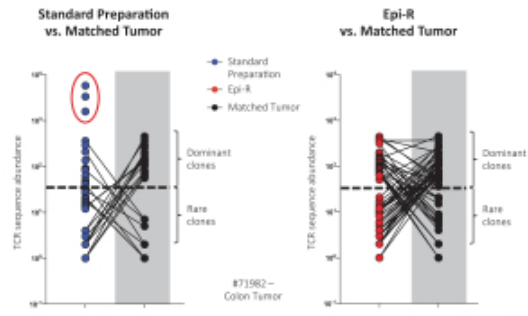
Quantitatively, polyclonality can be measured by the Simpson Clonality index, shown below on the left (Figure 33). The Simpson Clonality Index is a quantitative tool that reflects diversity within a dataset; a low number represents high diversity, while a high number represents low diversity. An index value of 1 would represent a monoclonal population. The Simpson Clonality Index of TIL in the tumor is very low, demonstrating high clonal diversity of the original TILs. In Standard Preparation, the majority of clones giving rise to the desired clonal diversity are lost upon stimulation and expansion as shown by the high Simpson Clonality Index. In contrast, most of the original tumor clonal diversity is maintained in TIL expanded with Epi-R, as shown with a low index score.

It is known that T cells migrating through tissues experience arrested migration upon recognition of their target tumor antigen, resulting in their activation and expansion, which is followed by their exhaustion. We quantified the TCRs from TILs and ranked them by the frequency of the clonotypes found. We compared the frequencies of individual TCRs after expansion in Standard Preparation or Epi-R conditions. On the right in the graph below, we show that Epi-R preserved both dominant and rare TIL clonotypes found amplified in the tumor; 57% of the TCR Vβ sequences corresponded to the top 50 TCRs represented in the original TIL. By sharp contrast, only 2% of the TCR clonotypes expanded in Standard Preparation were represented in the top 50 TCRs found in TIL.

Figure 33: Epi-R TIL exhibited increased T cell polyclonality and retention of original T cell clones. TCR sequencing was performed on Standard Preparation and Epi-R TIL and Simpson Clonality Index (a measure of polyclonality, with high Simpson values indicating low polyclonality) was measured. Epi-R TIL exhibited a low Simpson Clonality Index (left panel) that reflects increased diversity of T cell TCR repertoire. The relative abundance of TCRs that were observed in starting tumor T cell population was compared with Standard Preparation and Epi-R expanded TILs. Epi-R TILs retained greater proportions of starting TCR repertoire after expansion.



The Simpson Clonality Index is very low in the tumor, demonstrating high clonal diversity of the original TILs. Most of this diversity is lost in Standard Preparation, which show a high index score. In contrast, most of the original clonal diversity is maintained with Epi-R, as shown with a low index score.



Epi-R preserves both dominant and rare TIL clonotypes: density of lines show that the majority of Epi-R T cell clones represent TCRs detected in the tumor in contrast to Standard Preparation. Of the top 50 dominant tumor TCRs, 2% are represented in Standard Preparation vs. 57% in Epi-R expansion products. Red circle: in the Standard Preparation, the majority of the clones represent TCRs that are undetectable in the tumor.

**Our Planned Phase 1 Trial**

We have designed our planned Phase 1 trial as a dose escalation and expansion study LYL845, in patients in multiple solid tumor indications. The primary endpoint of our Phase 1 trial will be the safety and tolerability of LYL854 in melanoma and other solid tumor indications. Patients for CRS, ICANS graft versus host disease (GVHD) and assess potential. We plan to monitor clinical efficacy based on antitumor activity as evaluated by RECIST criteria and characterization of the pharmacokinetic profile of LYL845. We expect to submit an IND for LYL845 in .

**NY-ESO-1 TCR: Our Lead Program with GSK**

Our collaborator, GSK, is developing an NY-ESO-1 TCR T cell product candidate, NY-ESO-1c259, currently in pivotal development. Our collaboration explores the potential enhancement of that product candidate though the application of our Gen-R and Epi-R platform technologies, with a goal to improve the depth and durability of clinical responses. While we are currently evaluating Gen-R and Epi-R in separate preclinical programs, together these programs could represent a single future product opportunity for GSK utilizing one or both of our platform technologies.

We are responsible for preclinical activities for both programs and, for NY-ESO-1 with Epi-R, we intend to conduct manufacturing and hold the product IND. GSK is responsible for executing the clinical trials and commercialization of the future product. We anticipate that initial clinical trials will be conducted in synovial sarcoma and multiple other solid tumors. Positive results from these trials could support additional combinations and expansions into additional tumor types, including those with lower levels of target antigen, such as NSCLC. We anticipate an IND submission by .

**Rationale for NY-ESO-1**

NY-ESO-1 is a known cancer testis antigen target that has been previously validated in clinical trials. It is expressed in a wide range of solid tumors, including at high levels in some indications; however, it has low or no expression in healthy adult tissues. It is expressed in approximately 80% of synovial sarcomas, neuroblastomas and myxoid and round cell liposarcomas, more than 40% of melanomas and ovarian cancers, and between 20% to 40% of multiple other cancers including bladder, esophageal, hepatocellular, head and neck, ovarian, prostate, myeloma, breast and NSCLC. Patients who could benefit from treatment with NY-ESO-1-targeted therapies are further limited



## [Table of Contents](#)

because the NY-ESO-1-antigen is HLA A2-restricted and the therapeutic T cells recognize only certain protein sequences.

### *Background on Target Indications*

We are initially targeting synovial sarcoma, NSCLC and myxoid round cell liposarcoma (MRCLS), which all have a high unmet need based on the current treatment landscapes. Synovial sarcoma and MRCLS, in particular, have limited treatment alternatives, and are largely treated with a combination of surgery and chemotherapy, but with significant rates of metastases and low 5-year survival rates in metastatic cases. While NSCLC has more treatment alternatives, it still has low five-year survival rates and due to its prevalence causes upwards of 130,000 deaths in the United States per year. In addition to the unmet need in these cancers, NY-ESO-1 expression is high in all three, 80+% in MRCLRS and synovial sarcoma as well as up to 25% in NSCLC, further supporting our development plans.

#### Synovial Sarcoma

Synovial sarcoma is a rare, yet highly malignant tumor occurring in soft tissue and accounts for approximately 5–10% of all soft tissue sarcomas. It is estimated that there are over 13,000 new cases of soft tissue sarcomas diagnosed in the United States per year, and over 5,000 deaths per year. This would translate to approximately 650-1,300 cases of synovial sarcoma per year. Synovial sarcoma is more common in adolescents and young adults than in older individuals, and it typically affects the extremities. Patients often develop metastases, particularly to the lungs, resulting in 10-year survival rates of <50%.

#### Non-Small Cell Lung Cancer

Lung cancer is the second most common cancer and is the leading cause of cancer mortality worldwide. It is estimated that 135,720 (72,500 men and 63,220 women) deaths from this disease occurred in 2020. NSCLC accounts for about 84% of all lung cancers. In 2016, the incidence of NSCLC varied widely, ranging from 3 to 57 per 100,000 in Africa and North America respectively, with ~2 million cases diagnosed globally. For people with localized NSCLC, the overall 5-year survival rate is ~61%. For regional NSCLC, the 5-year survival rate is ~35%. Based on current data, when cancer metastasizes, the 5-year survival rate is 6%.

#### Myxoid Round Cell Liposarcoma

MRCLS is a type of rare soft, connective tissue tumor that grows in cells that store fat in the body, typically in the arms and legs. While liposarcomas are rare, MRCLS is one of the most common types of liposarcoma and makes up approximately 30% of all cases, with 2,000 diagnosed occurrences in the United States each year. Other categories of liposarcomas include well-differentiated (~50%) and pleomorphic (10%) liposarcomas. MRCLS is specifically characterized by tumors in the extremities with prevalence in a younger population than other liposarcoma subtypes, as well as high risk of recurrence in other soft tissue sites or bones. One third of MRCLS cases will become metastatic with tumors spreading to unusual bone and soft tissue locations with multifocal synchronous or metachronous spread to fat pad areas in the retroperitoneum, trunk, pericardium and axilla. For people with localized soft tissue tumors, the overall 5-year survival rate is ~93%. When cancer has metastasized, the 5-year survival rate is 41%. Additionally, outcomes for patients with significant (5% or greater) round cell component is associated with a poorer prognosis, 74% 5-year survival rate vs. 92% in low grade myxoid liposarcomas.

### *Preclinical Data*

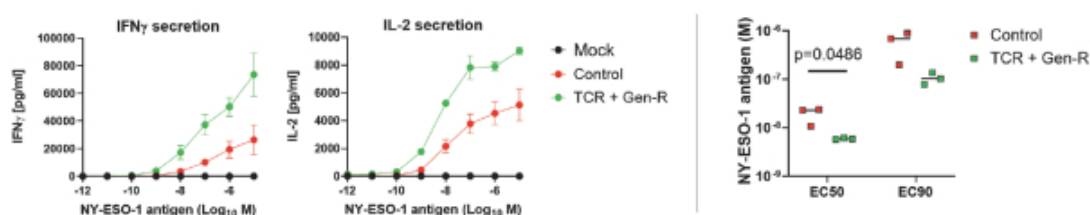
We have separately tested both platform technologies with GSK's NY-ESO-1 TCR. We are currently conducting preclinical studies for NY-ESO-1 TCR with Gen-R (NY-ESO-1 + Gen-R) and

NY-ESO-1 TCR with Epi-R (NY-ESO-1 + Epi-R), compared to GSK’s baseline NY-ESO-1 TCR (Control). NY-ESO-1 + Gen-R data is discussed below; data is pending for NY-ESO-1 + Epi-R.

We have conducted a series of *in vitro* and *in vivo* experiments that show NY-ESO-1 + Gen-R T cells resisted exhaustion and had increased production of cytokines associated with tumor killing, improved sensitivity to lower levels of NY-ESO-1 surface expression and improved tumor cell killing compared to Control, both initially and after persistent exposure to NY-ESO-1+ tumor cells. We believe these findings could translate into improved outcomes in the clinical setting.

We exposed NY-ESO-1 + Gen-R T cells to NY-ESO-1+ solid tumor cell lines and measured IFN $\gamma$  and IL-2, cytokines associated with tumor killing. We observed a more than two-fold increase in secretion of those cytokines with NY-ESO-1 + Gen-R compared to Control in two of three donors. We also exposed T cells to increasing concentrations of NY-ESO-1 on solid tumor cells and showed that NY-ESO-1 + Gen-R were significantly more sensitive than Control to low levels of NY-ESO-1 (Figure 34).

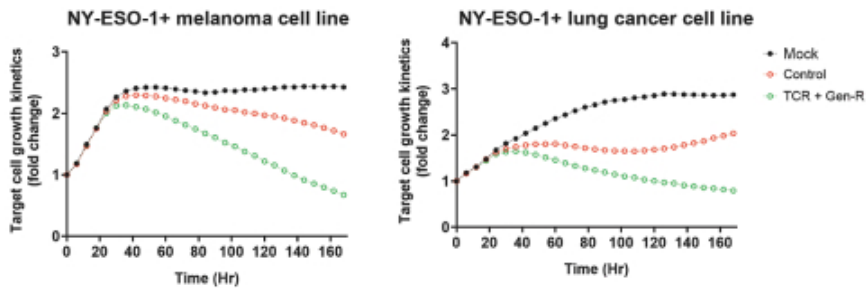
*Figure 34: In vitro experiments showed that NY-ESO-1 + Gen-R had increased antitumor cytokines (left panel) and increased antigen sensitivity (right panel) compared to Control. In the experiment on the left, T cells were exposed to NY-ESO-1+ tumor cells and IFN $\gamma$  and IL-2 production were measured. The figure shows that NY-ESO-1 + Gen-R (TCR + Gen-R, green curves) produced higher and increasing amounts of those cytokines compared to Control (red curves). In the experiment on the right, T cells were exposed to increasing concentrations of NY-ESO-1 peptide presented by T2 cells, where EC50 and EC90 are measures of maximal antigen concentration needed for response. The right panel shows that NY-ESO-1 + Gen-R (green dots) were more sensitive to low levels of NY-ESO-1 compared to Control (red dots). Mock T cells, without NY-ESO-1 TCR or Gen-R, are shown in the black curves. Results for EC50 were significant, with p values between groups shown.*



Additionally, NY-ESO-1 + Gen-R T cells demonstrated a stronger, faster and sustained durability to kill solid tumor cells versus Control (Figure 35). This result was observed across five donors and two NY-ESO-1+ solid tumor cell lines.

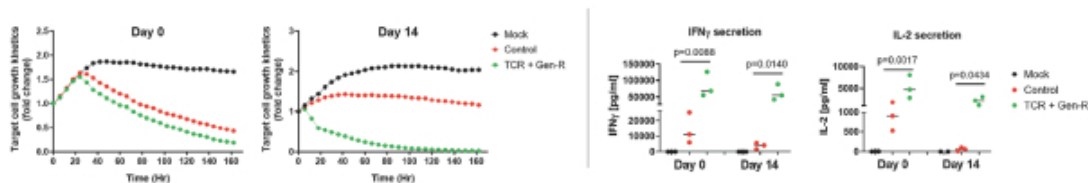
[Table of Contents](#)

Figure 35: NY-ESO-1 + Gen-R T cells (TCR + Gen-R, green curves) demonstrated superior ability to kill NY-ESO-1+ solid tumor cells compared to Control. The figure shows T cell killing efficiency against two different NY-ESO-1+ cell lines, measured by tracking kinetics of tumor cell clearance over time. The green curves illustrate the clearance of tumor cells by the NY-ESO-1 + Gen-R; the red curves illustrate the same for Control. Mock T cells, without NY-ESO-1 TCR or Gen-R, are shown in the black curves. In the right panel, the red curve goes upward over time as the TCR T cells without Gen-R lost their antitumor activity, while the green curve goes downward, showing that NY-ESO-1 + Gen-R T cells maintained their antitumor activity. Experiment performed with five donors; representative donor shown.



To test for T cell exhaustion, we exposed NY-ESO-1 + Gen-R to NY-ESO-1+ solid tumor cells repetitively. After persistent antigen exposure, NY-ESO-1 + Gen-R continued to kill NY-ESO-1+ tumor cells and secrete cytokines associated with tumor killing, while the Control T cells lost this ability (Figure 36). In addition, a significantly lower proportion of NY-ESO-1 + Gen-R expressed markers of exhaustion. These results suggest that NY-ESO-1 + Gen-R T cells resisted exhaustion after persistent antigen exposure compared to Control.

Figure 36: NY-ESO-1 + Gen-R T cells (TCR + Gen-R, green line) showed enhanced long-term tumor killing activity. In a serial re-stimulation assay, where the T cells were exposed to fresh NY-ESO-1+ tumor cells four times, NY-ESO-1 + Gen-R T cells maintained the ability to kill NY-ESO-1+ tumor cells and to secrete cytokines over time, whereas Control cells (red line) exhibited signs of exhaustion, as illustrated by loss of killing activity and cytokine secretion. The green curves in the left panel and the green dots in the right panel show that the NY-ESO-1 + Gen-R T cells were able to kill NY-ESO-1+ tumor cells and secrete high amounts of cytokines before (Day 0) and after (Day 14) four rounds of NY-ESO-1 antigen exposure, whereas the Control T cells showed signs of exhaustion, as illustrated by loss of ability to kill and secrete cytokines (red curves and red dots). Mock T cells, without NY-ESO-1 TCR or Gen-R, are shown in the black curves. Significant p values between groups are shown.



**Planned Phase 1 Trial**

The initial clinical trial for our NY-ESO-1 TCR program, conducted by GSK, is expected to test this product candidate in patients with synovial sarcoma and multiple other solid tumors for tolerability and preliminary efficacy. Positive results from such a trial could support additional combinations and

expansions, including expansion to additional patient populations with lower levels of target antigen, such as NSCLC.

### **Manufacturing and Digital Infrastructure**

We believe it is critically important to own, control and continuously monitor all aspects of the cell therapy manufacturing process in order to mitigate risks the field has seen, including challenges in managing production, supply chain, patient specimen chain of custody and quality control. We made a strategic decision to invest in building our own manufacturing facility to control our supply chain, maximize efficiencies in cell product production time, cost and quality, and have the ability to rapidly incorporate disruptive advancements and new innovations. Controlling manufacturing also enables us to protect proprietary aspects of our Gen-R and Epi-R technology platforms. We view our manufacturing team and capabilities as a significant competitive advantage.

Our LyFE manufacturing center is approximately 73,000 square feet and comprises laboratories, offices and manufacturing suites. LyFE has a flexible and modular design allowing us to produce plasmid, viral vector and T cell product to control and de-risk the sequence and timing of production of the major components of our supply chain related to our product candidates. At full staffing and capacity, we expect to be able to manufacture approximately 500 infusions per year depending on product candidate mix. We believe this capacity is sufficient to support our pipeline programs through pivotal studies and, if approved, early commercialization. We anticipate the facility to be cGMP qualified by

LyFE is a paperless facility that integrates advanced data and analytics approaches to enable a completely digital manufacturing process. Our adaptive manufacturing capabilities allow us to track every step of the process and instantly manage any deviations or alerts. We believe the ability to capture and analyze data in real time will ultimately lead to more effective and safe cell therapy products for patients. Upon receipt of a patient specimen, the subsequent application of Gen-R and Epi-R is conducted within our integrated manufacturing center to generate reprogrammed T cells to be infused back into the patient. This integrated manufacturing capability, further enhanced with our sophisticated information science and real-time monitoring capabilities, should enable us to improve yield and success rates, which could result in a more favorable cost structure, while at the same time expanding our knowledge base for each product candidate from each manufacturing run.

To support our digital manufacturing capabilities, we worked with AWS. Our LyFE manufacturing center is one of the first cell therapy manufacturing facilities to benefit from AWS's extensive experience with cloud computing, Internet of Things (IoT) and advanced analytics. Our digital strategy is spearheaded by our Information Sciences team, comprising experts in cloud computing, security, software development, automation, robotics and advanced analytics, including artificial intelligence. Our digital analytics platform is designed to allow us to rapidly and continuously acquire, manage and analyze data to accelerate and enhance our science and operations and inform our next generation cell therapies. The key benefits of our digital manufacturing strategy include:

- Real-time data acquisition: allows for monitoring, alerting, rapid decision making;
- Workflow automation: reduces variability, manual oversight, data entry and calculations;
- Cloud computing: unlimited compute and storage, accelerated innovation, security, compliance;
- Agility: rapidly adapts to changing needs while ensuring compliance; and
- Analytics and insights: enables trending, process optimization, data-driven decision making.

Our Information Sciences infrastructure is built on a "data lake and control tower" approach to managing data arising from our scientific and manufacturing operations. A data lake is a platform which

## [Table of Contents](#)

stores and allows access to integrated data from many sources, eventually to rapidly interconnect research, clinical and manufacturing data sources with patient outcomes. The control tower creates dashboards and real-time business metrics to allow us to understand, prioritize and resolve critical issues as they happen, end-to-end across our processes. Our goal is to learn and maximize the insights from each experiment, patient and manufacturing run, and apply those to continuous learning and process improvements to our product candidates.

### **Competition**

The pharmaceutical industry is highly competitive and dynamic, owing to rapidly advancing technologies. We face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, government agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing treatments and new treatments that may become available in the future.

We are aware of a number of companies using *ex vivo* cell therapy approaches to treat solid tumors. Some of these companies may have substantially greater financial and other resources than we have, such as larger research and development staff and well-established marketing and sales forces, or may operate in jurisdictions where lower standards of evidence are required to bring products to market. There are a number of companies developing CAR T cells, TCR T cells or TIL-based immune-oncology therapies for the treatment of solid tumors including Achilles Therapeutics plc, Allogene Inc., BioNTech SE., bluebird bio Inc., Bristol Myers Squibb Co., Gilead Sciences Inc., GlaxoSmithKline Plc., Instil Bio Inc., Iovance Biotherapeutics Inc., Nanjing Legend Biotech and Tmunity Therapeutics Inc. Among companies developing cell therapies for solid tumors, we believe we are substantially differentiated by our technology platforms, knowledge, experience, scientific personnel and robust intellectual property portfolio. We believe the key competitive factors affecting the success of any of our product candidates will include efficacy, safety, accessibility, price and cost of manufacturing.

### **Collaboration, License and Success Payment Agreements**

#### ***Fred Hutch License Agreement and Success Payment Agreement***

In December 2018, we entered into a license agreement with Fred Hutch that grants us an exclusive, worldwide, sublicensable license under certain patent rights, and a non-exclusive, worldwide, sublicensable license under certain technology, to research, develop, manufacture, improve, and commercialize products and processes covered by such patent rights or incorporating such technology for all fields of use utilizing CARs and/or TCRs. This agreement was amended in June 2019, September 2019, January 2020, and August 2020. In connection with the license agreement, we entered into a letter agreement with Fred Hutch pursuant to which we issued to Fred Hutch 1,075,000 shares of our common stock.

We also entered into a letter agreement with Fred Hutch in December 2018 under which we agreed to make success payments to Fred Hutch, payable in cash or publicly traded equity at our discretion. These success payments are based on increases in the per share fair market value of our Series A convertible preferred stock or any security into which such stock has been converted or for which it has been exchanged during the success payment period, which is a period of time that begins on the date of our letter agreement with Fred Hutch and ends on the earlier of: (a) the ninth anniversary of that date and (b) the earlier of (i) the date on which we sell, lease, transfer, or exclusively license all or substantially all of our assets to another company and (ii) the date on which we merge or consolidate with or into another entity (other than a merger in which our pre-merger

stockholders own a majority of the shares of the surviving entity). Success payments will be owed (if applicable) after measurement of the value of our common stock in connection with the following valuation dates during the success payment period: (1) the first anniversary of the date on which we complete an initial public offering of our common stock, or our shares otherwise become publicly traded; (2) the second anniversary of such; (3) each two year anniversary thereafter (i.e., the four year anniversary, six year anniversary, etc. of such date); (4) the date on which we sell, lease, transfer or exclusively license all or substantially all of our assets to another company; (5) the date on which we merge or consolidate with or into another entity (other than a merger in which our pre-merger stockholders own a majority of the shares of the surviving entity); (6) the last day of the nine year period. Any success payment will generally be made within 45 days after the applicable valuation date, except that in the case of a merger or sale of all of our company's assets, the success payment will be made on the earlier of the 90th day following the transaction or the first date that transaction proceeds are paid to any of our stockholders. In the case of (1), (2) and (3), the value of our common stock will be determined by the average trading price of a share of our common stock over the consecutive 90-day period preceding the date the success payment is made; the value will otherwise be determined either, in the case of a merger or stock sale, by the consideration paid in the transaction for each share of our stock or the stock of the acquiring entity (or their parent or affiliate). The amount of a success payment is determined based on whether the value of our common stock meets or exceeds certain specified threshold values ascending from \$18.29 per share to \$91.44 per share, in each case subject to adjustment for any stock dividend, stock split, combination of shares, or other similar events. Each threshold is associated with a success payment, ascending from \$10.0 million at \$18.29 per share to \$200.0 million at \$91.44 per share, payable if such threshold is reached. Any previous success payments made to Fred Hutch are credited against the success payment owed as of any valuation date, so that Fred Hutch does not receive multiple success payments in connection with the same threshold. The success payments paid to Fred Hutch will not exceed, in aggregate, \$200.0 million, which would be owed only when the value of the common stock reaches \$91.44 per share.

#### ***Stanford License Agreement and Success Payment Agreement***

In January 2019, we entered into a license agreement with Stanford that grants us an exclusive, worldwide, sublicensable license under certain patent rights, and a non-exclusive, worldwide, sublicensable license under certain other patent rights and technology, to make, have made, use, offer to sell, sell, import, or otherwise offer to dispose of products and processes covered by such patent rights or incorporating such technology for all fields of use utilizing CARs and/or TCRs. The patents and patent applications covered by this agreement are directed to compositions and methods of treating related to preventing, reversing, inhibiting, reducing or modulating T cell exhaustion and compositions and methods related to engineered cell surface receptors including CARs. We also have the right to add certain Stanford patent applications covering certain inventions which are improvements to the existing patents and patent applications, as well as a right of first negotiation for other patent applications covering inventions made in the principal investigator's lab which relate to and are necessary or useful for utilizing CARs and/or TCRs.

We are obligated to use commercially reasonable efforts to develop, manufacture and sell licensed products and to develop markets for licensed products.

We paid to Stanford an upfront payment of \$400,000. We are required to pay to Stanford an annual maintenance fee in the mid tens of thousands on the second anniversary of entering into this agreement, and each anniversary thereafter until the date of the first commercial sale of a licensed product. We are obligated to pay Stanford up to a maximum of \$3.7 million per target upon achievement of certain specified clinical and regulatory milestones. We are also obligated to pay to Stanford \$2.5 million collectively for all licensed products upon our achievement of a certain commercial milestone. In addition,

## [Table of Contents](#)

the license agreement provides that we are required to pay to Stanford low single-digit tiered royalties based on annual net sales of the licensed products by us and by our sublicensees. If we seek to challenge the validity of any of the licensed patents, during the pendency of such action our royalty rate will increase, and if the outcome of such challenge finds that patent is both valid and infringed our royalty rate will increase further. We are also required to pay Stanford (a) a low-double-digit portion of the payments that we receive from sublicensees of the rights solely licensed to us by Stanford, or (b) if sublicensed with other intellectual property, on a tiered basis in the low six figures up to \$300,000.

The license agreement will expire, on a licensed product-by-licensed product and country-by-country basis, on the expiration of the last to expire valid claim of the licensed patents rights covering such licensed product in such country. We may terminate the agreement at will in its entirety or with respect to any licensed patent. Stanford has the right to terminate the agreement in the event of our uncured breach.

In connection with the license agreement, we entered into a letter agreement in January 2019 with Stanford pursuant to which we issued to Stanford 910,000 shares of our common stock.

We also entered into a letter agreement with Stanford in October 2020, under which we agreed to make success payments to Stanford, payable in cash or publicly traded equity at our discretion. These success payments are based on increases in the per share fair market value of our Series A convertible preferred stock or any security into which such stock has been converted or for which it has been exchanged during the success payment period, which is a period of time that begins on the date of our letter agreement with Stanford and ends on the earlier of: (a) the ninth anniversary of that date and (b) the earlier of (i) the date on which we sell, lease, transfer, or exclusively license all or substantially all of our assets to another company and (ii) the date on which we merge or consolidate with or into another entity (other than a merger in which our pre-merger stockholders own a majority of the shares of the surviving entity). Success payments will be owed (if applicable) after measurement of the value of our common stock in connection with the following valuation dates during the success payment period: (1) the first anniversary of the date on which we complete an initial public offering of our common stock, or our shares otherwise become publicly traded; (2) the second anniversary of such; (3) each two year anniversary thereafter (i.e., the four year anniversary, six year anniversary, etc. of such date); (4) the date on which we sell, lease, transfer or exclusively license all or substantially all of our assets to another company; (5) the date on which we merge or consolidate with or into another entity (other than a merger in which our pre-merger stockholders own a majority of the shares of the surviving entity); (6) the last day of the nine year period. Any success payment will generally be made within 45 days after the applicable valuation date, except that in the case of a merger or sale of all of our company's assets, the success payment will be made on the earlier of the 90th day following the transaction or the first date that transaction proceeds are paid to any of our stockholders. In the case of (1), (2) and (3), the value of our common stock will be determined by the average trading price of a share of our common stock over the consecutive 90-day period preceding the date the success payment is made; the value will otherwise be determined either, in the case of a merger or stock sale, by the consideration paid in the transaction for each share of our stock or the stock of the acquiring entity (or their parent or affiliate). The amount of a success payment is determined based on whether the value of our common stock meets or exceeds certain specified threshold values ascending from \$18.29 per share to \$91.44 per share, in each case subject to adjustment for any stock dividend, stock split, combination of shares, or other similar events. Each threshold is associated with a success payment, ascending from \$10.0 million at \$18.29 per share to \$200.0 million at \$91.44 per share, payable if such threshold is reached. Any previous success payments made to Stanford are credited against the success payment owed as of any valuation date, so that Stanford does not receive multiple success payments in connection with the same threshold. The success payments paid to Stanford will not exceed, in aggregate, \$200.0 million, which would be owed only when the value of the common stock reaches \$91.44 per share.

### ***GSK Collaboration and License Agreement***

In May 2019, we entered into a collaboration and license agreement with GSK which became effective on July 7, 2019 and was amended in June 2020. Under the GSK Agreement, we agreed to work collaboratively with GSK to research and develop certain T cell therapies incorporating our technology platforms or other cell therapy innovations as applied to CARs or TCRs under distinct collaboration programs. The GSK Agreement could include T cell therapies for up to a total of nine CAR or TCR targets, and GSK may select these CAR or TCR targets for collaboration during a specified period, subject to certain restrictions.

Under the GSK Agreement, we granted GSK an option, for each Lyell cell therapy innovation that was the subject of a collaboration program under the GSK Agreement, to obtain an exclusive, worldwide license to develop and commercialize that Lyell cell therapy innovations as part of a TCR or CAR cell therapy for the specific target, for human diagnostic and therapeutic uses, except that we retain rights for the China territory for T cell therapies directed to targets that were within GSK's pipeline and met certain criteria prior to inclusion in the GSK Agreement. We also retain rights to the Lyell cell therapy innovations for other products and targets.

For potential T cell therapies that are the subject of collaboration programs under the GSK Agreement, we are responsible for certain research and development activities, at our cost, up to GSK's option point. The GSK option point is prior to IND filing for therapies to targets that were within GSK's pipeline and met certain criteria prior to inclusion in the GSK Agreement and, for other targets, the GSK option point is after results of a specific clinical study. At the GSK option point, together with GSK we must engage in an option process for a specified period of time, at the end of which GSK may exercise its option. Upon any such option exercise, GSK will be responsible for further development, at GSK's cost.

For applications of our Epi-R technology to the NY-ESO-1 TCR, we have agreed with GSK to share responsibilities of development activities for the period between IND-enabling work and the GSK option point at the conclusion of initial clinical studies. During that period, we are responsible for ongoing research, process development and vector and cell manufacturing, while GSK is responsible for clinical studies. We share regulatory responsibilities with GSK; we are responsible for the product IND and GSK for the clinical protocol and associated regulatory filings.

For a specified time period, we are prohibited from working with third parties to develop or commercialize CAR or TCR T cell therapies, except (a) in China for non-GSK programs, (b) with entities such as research institutions, contractors and clinical sites that are not granted commercial rights, (c) for companies with supporting tools and (d) in programs for which the therapy targets one of the targets excluded from the GSK Agreement. Currently five targets are excluded, and we may exclude three additional targets during a specified period. In addition, there is a target-based exclusivity for so long as GSK is paying royalties on a product to that target.

We received an upfront payment of \$45.0 million from GSK under the GSK Agreement. In addition to the upfront payment, we are eligible to receive up to two one-time payments, totalling up to approximately \$200.0 million in aggregate for clinical validation of Lyell's cell therapy innovations. For each cell therapy target for which there has been a joint collaboration program, Lyell also could receive up to approximately \$400.0 million in aggregate in development and sales milestones if the target is already within GSK's pipeline and meets certain criteria, up to approximately \$900.0 million in aggregate in development and sales milestones for all other targets, and tiered royalties on a per-product basis ranging from low to high single digits for targets that are already within GSK's pipeline and meet certain criteria, or from high single digit to low teens for all other targets. Royalties and milestones are paid once per target, even if there is more than one Lyell innovation applied to a T cell therapy directed to that target.



The GSK Agreement will expire on a product-by-product and country-by-country basis upon the latest of (a) the expiration of the last valid claim of the last to expire licensed patent covering such product in such country, (b) the expiration of all regulatory exclusivity for such product in such country, or (c) a specified period after the first commercial sale of such product in such country. GSK may terminate the GSK Agreement in its entirety or on a collaboration program-by-collaboration program basis for convenience or in its entirety upon a change of control of Lyell by a GSK competitor. Each party may terminate the GSK Agreement in its entirety or with respect to a collaboration program in the event of an uncured material breach by the other party or in its entirety for the other party's insolvency. We may terminate the GSK Agreement in the event of a patent challenge by GSK or specified third parties.

#### ***National Cancer Institute (NCI) License Agreement***

In December 2020, we entered into a license agreement with NCI that grants us a worldwide license to certain patent rights, and intellectual property rights related to certain know-how, to develop, make and commercialize licensed products and practice licensed processes for the treatment of human cancers, which license is (A) exclusive with respect to certain licensed patents for use in the field of (1) companion diagnostics for our T cell therapy products, (2) adoptive T cell therapy products generated from autologously derived, induced pluripotent stem cells, or (3) adoptive T cell therapy products isolated from autologously-derived and allogeneic-derived peripheral blood; (B) non-exclusive with respect to all licensed patents for use in the field of (4) autologous and allogeneic, adoptive T cell therapy products; and (C) non-exclusive with respect to the all licensed know-how for use in the fields of (1) through (4). The licensed patents and licensed know-how covered are directed, in part, to thymic emigrant cells, hematopoietic progenitor cells, thymic organoid from human pluripotent stem cells, T cells, T memory stem cells, and their use for the treatment of cancer in humans. We may grant sublicenses under our license with NCI's written approval and, if the rights we are sublicensing are non-exclusive, they must be sublicensed in combination with certain other intellectual property. On or before the seventh anniversary of the agreement, it is the intention of NCI and us to enter into an amendment to the agreement, which amendment is intended to narrow our exclusive license for certain licensed patents to a defined list of cancer indications that meet certain criteria. Such amendment would also extend the term of our exclusive license to such licensed patents so that it would continue beyond such seventh anniversary until the expiration of the last to expire of such licensed patents.

We are obligated to use commercially reasonable efforts to develop, manufacture and sell licensed products and to adhere to an agreed-upon clinical development plan and performance milestones.

We paid to NCI an upfront payment of \$100,000. We have paid a prorated annual maintenance payment to NCI in the mid four figures and we also agreed to pay NCI future annual maintenance payments in the high five figures, which payments may be credited against earned royalties. We may be obligated to pay to NCI up to a maximum of \$3.1 million upon achievement of certain specified clinical and regulatory milestones. We may also be obligated to pay to NCI a maximum of \$12.0 million collectively for all licensed products upon our achievement of certain commercial milestones. In addition, the license agreement provides that we are required to pay to NCI low single-digit royalties on annual net sales of the licensed products.

The license agreement will expire on the expiration of the last to expire valid claim of the licensed patents. We may terminate the agreement at will, in its entirety, or on a patent-by-patent and country-by-country basis. NCI has the right to terminate the agreement in the event of our uncured breach or to terminate or modify the agreement, at NCI's option, for our failure to meet certain diligence obligations, in the event of certain false statements or omissions by us, for our violation of certain laws, for our material breach of a covenant in this agreement, if we fail to maintain reasonable availability of

licensed products or licensed processes, if we cannot meet certain health and safety needs, or if we cannot reasonably justify a failure to comply with certain production requirements.

## **Intellectual Property**

We strive to protect and enhance the proprietary technology, inventions and improvements that are commercially important to our business, including seeking, maintaining and defending patent rights, whether developed internally or licensed from our collaborators or other third parties. Our policy is to seek to protect our proprietary position by, among other methods, filing patent applications in the United States and in jurisdictions outside of the United States related to our proprietary technology, inventions, improvements and product candidates that are important to the development and implementation of our business. We also rely on trade secrets and know-how relating to our proprietary technology and product candidates, continuing innovation, and in-licensing opportunities to develop, strengthen and maintain our proprietary position in the field of cell and gene therapy. We additionally plan to rely on data exclusivity, market exclusivity and patent term extensions when available, and if appropriate, may seek and rely on regulatory protection afforded through orphan drug designations. Our commercial success may depend in part on our ability to obtain and maintain patent and other proprietary protection for our technology, inventions and improvements; to preserve the confidentiality of our trade secrets; to maintain our licenses to use intellectual property owned by third parties; to defend and enforce our proprietary rights, including our patents; and to operate without infringing on the valid and enforceable patents and other proprietary rights of third parties.

We have in-licensed and procured, and filed for numerous patent applications, which include claims directed to compositions, methods of use, processes, dosing and formulations, and possess substantial know-how and trade secrets relating to the development and commercialization of our cell engineering technology platforms and related product candidates, including related manufacturing processes and protocols.

As of March 31, 2021, our in-licensed and owned patent portfolio consists of approximately nine licensed U.S. issued patents, approximately 24 licensed U.S. pending patent applications, and approximately 25 owned U.S. pending patent applications (including two co-owned with collaboration partners), as well as approximately 19 licensed patents issued in jurisdictions outside of the United States, approximately 110 licensed patent applications pending in jurisdictions outside of the United States (including approximately six licensed pending Patent Cooperation Treaty (PCT) applications), and approximately one owned pending PCT application, that, in many cases, are counterparts to the foregoing U.S. patents and patent applications. The patents and patent applications outside of the United States in our portfolio are held primarily in Europe, Canada, Japan and Australia. For information related to our in-licensed intellectual property, see the subsection titled under “—Collaboration, License and Success Payment Agreements.”

As for the product candidates and related manufacturing processes we develop and commercialize, in the normal course of business, we intend to pursue, when possible, composition, method of use, process, dosing and formulation patent protection. We may also pursue patent protection with respect to manufacturing and drug development processes and technology and with respect to our technology platform. When available to expand market exclusivity, our strategy is to obtain or license additional intellectual property related to current or contemplated development technology platforms, core elements of technology and/or product candidates.

Individual patents extend for varying periods of time, depending upon the date of filing of the patent application, the date of patent issuance and the legal term of patents in the countries in which they are obtained. Generally, patents issued for applications filed in the United States are effective for

20 years from the earliest nonprovisional filing date. In the United States, a patent's term may be lengthened by patent term adjustment (PTA), which compensates a patentee for administrative delays by the USPTO in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over an earlier filed patent. In addition, in certain instances, the patent term of a U.S. patent that covers an FDA-approved drug may also be eligible for extension to recapture a portion of the term effectively lost as a result of clinical trials and the FDA regulatory review period, such extension is referred to as patent term extension (PTE). The restoration period cannot be longer than five years and the total patent term, including the restoration period, must not exceed 14 years following FDA approval, however there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and if granted, the length of such extensions. Similar provisions are available in Europe and certain other foreign jurisdictions to extend the term of a patent that covers an approved drug. The duration of patents outside of the United States varies in accordance with provisions of applicable local law, but typically is also 20 years from the earliest nonprovisional filing date. The actual protection afforded by a patent varies on a product-by-product basis, from country-to-country, and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patent.

In some instances, we submit patent applications directly to the USPTO as provisional patent applications. Provisional applications for patents were designed to provide a lower-cost first patent filing in the United States. Corresponding nonprovisional patent applications must be filed not later than 12 months after the provisional application filing date. The corresponding nonprovisional application may be entitled to the benefit of the earlier provisional application filing date(s), and the patent term of the finally issued patent is calculated from the later non-provisional application filing date. This system allows us to obtain an early priority date, add material to the patent application(s) during the priority year, obtain a later start to the patent term and to delay prosecution costs. Such delay may be useful in the event that we decide not to pursue prosecution of the application. While we intend to timely file nonprovisional patent applications relating to our provisional patent applications, we cannot predict whether any such nonprovisional patent applications will result in the issuance of patents that provide us with any competitive advantage.

We file U.S. nonprovisional applications and PCT applications that claim the benefit of the priority date of earlier filed provisional applications, when applicable. The PCT system allows a single application to be filed within 12 months of the original priority date of the patent application, and to designate all of the PCT member states in which national or regional patent applications can later be pursued based on the international patent application filed under the PCT. The PCT searching authority performs a patentability search and issues a non-binding patentability opinion which can be used to evaluate the chances of success for the national or regional applications prior to having to incur the filing fees and prosecution costs. Although a PCT application does not issue as a patent, it allows the applicant to seek protection in any of the member states through national/regional-phase applications. At the end of the period of two and a half years from the first priority date of the patent application, separate patent applications can be pursued in any of the PCT member states either by direct national filing or, in some cases by filing through a regional patent organization, such as the European Patent Organisation. The PCT system delays expenses, allows a limited evaluation of the chances of success for national/regional patent applications and enables substantial savings where applications are abandoned within the first two and a half years of filing.

For all patent applications, we determine claiming strategy on a case-by-case basis. Advice of counsel, country-specific patent laws and our business model and needs are always considered. We may file patents containing claims for protection of all useful applications of our proprietary technology platforms and any products, as well as all new applications and/or uses we discover for existing

## [Table of Contents](#)

technology platforms and products, assuming these are strategically valuable. We continuously reassess the number and type of patent applications, as well as the pending and issued patent claims, to help ensure that maximum coverage and value are obtained for our processes, and compositions, given existing patent office rules and regulations. Further, claims may be modified during patent prosecution to meet our intellectual property and business needs.

We recognize that the ability to obtain patent protection and the degree of such protection depends on a number of factors, including, for example, the extent of the prior art, the novelty and non-obviousness of the invention and the ability to satisfy the patent eligibility, written description and enablement or support requirement of the patent laws. In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued, and the scope of a patent can be reinterpreted or further altered even after issuance. Consequently, we may not ultimately obtain or maintain adequate patent protection for any of our product candidates or for our technology platform. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection against competitors. Any patents that we hold may be challenged, circumvented or invalidated by third parties.

The patent positions of companies like ours are generally uncertain and involve complex legal and factual questions. No consistent policy regarding the scope of claims allowable in patents in the field of cell and gene therapy has emerged in the United States. The patent situation outside of the United States is even more uncertain. Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our inventions and enforce our intellectual property rights, and more generally could affect the value of our intellectual property. In particular, our ability to stop third parties from making, using, selling, offering to sell, or importing products that infringe our intellectual property will depend in part on our success in obtaining and enforcing patent claims that cover our technology, inventions and improvements. With respect to both licensed and company-owned intellectual property, we cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents that may be granted to us in the future will be commercially useful in protecting our products, their use and the methods used to manufacture those products. Moreover, even our issued patents do not guarantee us the right to practice our technology in relation to the commercialization of our products. The area of patent and other intellectual property rights in biotechnology is an evolving one with many risks and uncertainties, and third parties may have blocking patents that could be used to prevent us from commercializing our patented product candidates and practicing our proprietary technology. It is uncertain whether the issuance of any third-party patent would require us to alter our development or commercial strategies, or our products or processes, obtain licenses or cease certain activities. Our breach of any license agreements or our failure to obtain a license to proprietary rights required to develop or commercialize our future products may have a material adverse impact on us. If third parties prepare and file patent applications in the United States that also claim technology to which we have rights, we may have to participate in interference or derivation proceedings in the USPTO to determine priority of invention. Our issued patents and those that may issue in the future may be challenged, invalidated, or circumvented, which could limit our ability to stop competitors from marketing related products or limit the length of the term of patent protection that we may have for our product candidates. In addition, the rights granted under any issued patents may not provide us with protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies. For these reasons, we may have competition for our product candidates. Moreover, because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any particular product candidate can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent. Our commercial success will also depend in part on not

infringing upon the proprietary rights of third parties. Patent disputes are sometimes interwoven into other business disputes.

As of March 31, 2021, our registered trademark portfolio currently contains approximately 27 registered trademarks and pending trademark applications, consisting of approximately four pending trademark applications in the United States, approximately two foreign pending trademark applications in Canada and India, and trademark registrations in the following countries through national filings: Australia, Brazil, China, European Union, Hong Kong, India, Israel, Japan, Mexico, New Zealand, Republic of Korea, Switzerland and the United Kingdom.

We may also rely, in some circumstances, on trade secrets to protect our technology. However, trade secrets are difficult to protect. We seek to protect our technology and product candidates, in part, by entering into confidentiality agreements with those who have access to our confidential information, including our employees, contractors, consultants, collaborators and advisors. We also seek to preserve the integrity and confidentiality of our proprietary technology and processes by maintaining physical security of our premises and physical and electronic security of our information technology systems. Although we have confidence in these individuals, organizations and systems, agreements or security measures may be breached and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or may be independently discovered by competitors. To the extent that our employees, contractors, consultants, collaborators and advisors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. For this and more comprehensive risks related to our proprietary technology, inventions, improvements and product candidates, see the subsection titled “Risk Factors —Risks Relating to Our Intellectual Property.”

## **Sales and Marketing**

Given our stage of development, we have not yet established a commercial organization or distribution capabilities. We intend to either build a commercial infrastructure to support sales of any approved products, or outsource this function to third parties. We intend to continue evaluating opportunities to work with partners that enhance our capabilities with respect to the development and commercialization of LYL797 or LYL845. In addition, we intend to commercialize our product candidates, if approved, in key markets either alone or with partners in order to maximize the worldwide commercial potential of our programs.

## **Government Regulation**

The FDA and other regulatory authorities at federal, state and local levels, as well as in foreign countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, import, export, safety, effectiveness, labeling, packaging, storage, distribution, record keeping, approval, advertising, promotion, marketing, post-approval monitoring and post-approval reporting of biologics such as those we are developing. We, along with third-party contractors, will be required to navigate the various preclinical, clinical and commercial approval requirements of the governing regulatory agencies of the countries in which we wish to conduct studies or seek approval or licensure of our product candidates. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources.

### ***U.S. Biologics Regulation***

In the United States, biological products are subject to regulation under the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act and other federal, state, local and foreign statutes and

regulations. The process required by the FDA before biologics may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests and animal studies performed in accordance with the FDA's Good Laboratory Practice requirements (GLP);
- submission to the FDA of an IND, which must become effective before clinical trials may begin;
- approval by an IRB or ethics committee at each clinical site before the trial is commenced;
- performance of adequate and well-controlled human clinical trials according to the FDA's regulations commonly referred to as GCP, regulations and any additional requirements for the protection of human research subjects and their health information to establish the safety, purity and potency of the proposed biologic product candidate for its intended purpose;
- preparation of and submission to the FDA of a Biologics License Application (BLA), after completion of all pivotal clinical trials;
- satisfactory completion of an FDA Advisory Committee review, if applicable;
- a determination by the FDA within 60 days of its receipt of a BLA to file the application for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the proposed product is produced to assess compliance with cGMP and to assure that the facilities, methods and controls are adequate to preserve the biological product's continued safety, purity and potency and, if applicable, to assess compliance with the FDA's cGTPs requirements for the use of human cellular and tissue products, and of selected clinical investigation sites to assess compliance with GCPs;
- potential FDA audit of the nonclinical and clinical study sites that generated the data in support of the BLA; and
- FDA review and approval of the BLA to permit commercial marketing of the product for particular indications for use in the United States.

Before testing any biological product candidate in humans, the product candidate enters the preclinical testing stage. Preclinical tests, also referred to as nonclinical studies, include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the product candidate. The conduct of the preclinical tests must comply with federal regulations and requirements including GLPs.

Prior to beginning the first clinical trial with a product candidate in the United States, we must submit an IND to the FDA. An IND is a request for authorization from the FDA to administer an investigational new drug to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. The IND also includes results of animal and *in vitro* studies assessing the toxicology, pharmacokinetics, pharmacology and pharmacodynamic characteristics of the product; chemistry, manufacturing and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises safety concerns or questions about the proposed clinical trial. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

In addition to the submission of an IND to the FDA before initiation of a clinical trial in the United States, certain human clinical trials involving recombinant or synthetic nucleic acid molecules are

subject to oversight of IBCs as set forth in the NIH Guidelines for Research Involving Recombinant DNA Molecules (the NIH Guidelines). Specifically, under the NIH Guidelines, supervision of human gene transfer trials includes evaluation and assessment by an IBC, a local institutional committee that reviews and oversees research utilizing recombinant or synthetic nucleic acid molecules at that institution. The IBC assesses the safety of the research and identifies any potential risk to public health or the environment, and such review may result in some delay before initiation of a clinical trial. While the NIH Guidelines are not mandatory unless the research in question is being conducted at or sponsored by institutions receiving NIH funding of recombinant or synthetic nucleic acid molecule research, many companies and other institutions not otherwise subject to the NIH Guidelines voluntarily follow them.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical study. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and its informed consent form before the clinical trial begins at that site, and must monitor the study until completed. Regulatory authorities, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk or that the trial is unlikely to meet its stated objectives. Some studies also include oversight by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board, which provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing clinical studies and clinical study results to public registries.

For purposes of BLA approval, human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- Phase 1—The investigational product is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and excretion of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness.
- Phase 2—The investigational product is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.
- Phase 3—The investigational product is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval.

In some cases, the FDA may require, or companies may voluntarily pursue, additional clinical trials after a product is approved to gain more information about the product in the intended therapeutic

indication, particularly for long-term safety follow-up. These so-called Phase 4 trials may also be made a condition to approval of the BLA.

Concurrent with clinical trials, companies may complete additional animal studies and develop additional information about the biological characteristics of the product candidate, and must finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

### ***BLA Submission and Review by the FDA***

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, nonclinical studies and clinical trials are submitted to the FDA as part of a BLA requesting approval to market the product for one or more indications. The BLA must include all relevant data available from preclinical and clinical studies, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls and proposed labeling, among other things. Data can come from company-sponsored clinical studies intended to test the safety and effectiveness of a use of the product, or from a number of alternative sources, including studies initiated by independent investigators. The submission of a BLA requires payment of a substantial application user fee to the FDA, unless a waiver or exemption applies.

Within 60 days following submission of the application, the FDA reviews a BLA submitted to determine if it is substantially complete before the FDA accepts it for filing. The FDA may refuse to file any BLA that it deems incomplete or not properly reviewable at the time of submission and may request additional information. In this event, the BLA must be resubmitted with the additional information. Once a BLA has been accepted for filing, the FDA's goal is to review standard applications within ten months after the filing date, or, if the application qualifies for priority review, six months after the FDA accepts the application for filing. In both standard and priority reviews, the review process may also be extended by FDA requests for additional information or clarification. The FDA reviews a BLA to determine, among other things, whether a product is safe, pure and potent and the facility in which it is manufactured, processed, packed or held meets standards designed to assure the product's continued safety, purity and potency. The FDA may also convene an advisory committee to provide clinical insight on application review questions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving a BLA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP and adequate to assure consistent production of the product within required specifications. For a product candidate that is also a human cellular or tissue product, the FDA also will not approve the application if the manufacturer is not in compliance with cGTPs. These are FDA regulations that govern the methods used in, and the facilities and controls used for, the manufacture of human cells, tissues and cellular and tissue-based products, or HCT/Ps, which are human cells or tissue intended for implantation, transplant, infusion, or transfer into a human recipient. The primary intent of the GTP requirements is to ensure that cell and tissue based products are manufactured in a manner designed to prevent the introduction, transmission and spread of communicable disease. FDA regulations also require tissue establishments to register and list their HCT/Ps with the FDA and, when applicable, to evaluate donors through screening and testing. Additionally, before approving a BLA, the FDA will typically inspect one or more clinical sites to assure



compliance with GCP. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates a BLA and conducts inspections of manufacturing facilities where the investigational product and/or its drug substance will be produced, the FDA may issue an approval letter or a Complete Response Letter (CRL). An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A CRL will describe all of the deficiencies that the FDA has identified in the BLA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the CRL without first conducting required inspections, testing submitted product lots, and/or reviewing proposed labeling. In issuing the CRL, the FDA may recommend actions that the applicant might take to place the BLA in condition for approval, including requests for additional information or clarification. The FDA may delay or refuse approval of a BLA if applicable regulatory criteria are not satisfied, require additional testing or information and/or require post-marketing testing and surveillance to monitor safety or efficacy of a product.

If regulatory approval of a product is granted, such approval will be granted for particular indications and may entail limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the BLA with a REMS, to ensure the benefits of the product outweigh its risks, or otherwise limit the scope of any approval. A REMS is a safety strategy implemented to manage a known or potential serious risk associated with a product and to enable patients to have continued access to such medicines by managing their safe use, and could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling or the development of adequate controls and specifications. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace. The FDA may require one or more Phase 4 post-marketing trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization, and may limit further marketing of the product based on the results of these post-marketing studies.

### ***Expedited Development and Review Programs***

The FDA offers a number of expedited development and review programs for qualifying product candidates. For example, the fast track program is intended to expedite or facilitate the process for reviewing new products that are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Specifically, new biological products are eligible for fast track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a new biologic may request that the FDA designate the biologic as a fast track product at any time during the clinical development of the product. The sponsor of a fast track product has opportunities for more frequent interactions with the applicable FDA review team during product development and, once a BLA is submitted, the product candidate may be eligible for priority review. A fast track product may also be eligible for rolling review, where the FDA may consider for review sections of the BLA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the BLA, the FDA agrees to accept sections of the BLA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the BLA.

A product candidate intended to treat a serious or life-threatening disease or condition may also be eligible for breakthrough therapy designation to expedite its development and review. A product candidate can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product candidate, alone or in combination with one or more other drugs or biologics, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track program features, as well as more intensive FDA interaction and guidance beginning as early as Phase 1 and an organizational commitment to expedite the development and review of the product candidate, including involvement of senior managers.

Any marketing application for a drug or biologic submitted to the FDA for approval, including a product candidate with a fast track designation and/or breakthrough therapy designation, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. A product candidate is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the treatment, diagnosis or prevention of a disease compared to marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new biological product designated for priority review in an effort to facilitate the review. For original BLAs, priority review designation means the FDA's goal is to take action on the marketing application within six months of the 60-day filing date (as compared to ten months under standard review).

Additionally, product candidates studied for their safety and effectiveness in treating serious or life-threatening diseases or conditions may receive accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. Products receiving accelerated approval may be subject to expedited withdrawal procedures if the sponsor fails to conduct the required post-marketing studies or if such studies fail to verify the predicted clinical benefit. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

In 2017, the FDA established a new regenerative medicine advanced therapy (RMAT) designation, which is intended to facilitate an efficient development program for, and expedite review of, any drug or biologic that meets the following criteria: (i) the drug or biologic qualifies as a RMAT, which is defined as a cell therapy, therapeutic tissue engineering product, human cell and tissue product, or any combination product using such therapies or products, with limited exceptions; (ii) the drug or biologic is intended to treat, modify, reverse, or cure a serious or life-threatening disease or condition; and (iii) preliminary clinical evidence indicates that the drug or biologic has the potential to address unmet medical needs for such a disease or condition. RMAT designation provides all the benefits of breakthrough therapy designation, including more frequent meetings with the FDA to discuss the development plan for the product candidate and eligibility for rolling review and priority review. Product candidates granted RMAT designation may also be eligible for accelerated approval on the basis of a surrogate or intermediate endpoint reasonably likely to predict long-term clinical benefit, or reliance upon data obtained from a meaningful number of clinical trial sites, including through expansion of trials to additional sites. RMAT-designated products that receive accelerated approval may, as appropriate, fulfill their post-approval requirements through submission of clinical evidence, clinical studies, patient registries, or other sources of real-world evidence (such as electronic

health records); through the collection of larger confirmatory data sets; or via post-approval monitoring of all patients treated with such therapy prior to approval of such therapy. Fast track designation, breakthrough therapy designation, priority review, accelerated approval, and RMAT designation do not change the standards for approval but may expedite the development or approval process. Even if a product candidate qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

### ***Orphan Drug Designation and Exclusivity***

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biologic intended to treat a rare disease or condition, defined as a disease or condition with a patient population of fewer than 200,000 individuals in the United States, or a patient population greater than 200,000 individuals in the United States and when there is no reasonable expectation that the cost of developing and making available the drug or biologic in the United States will be recovered from sales in the United States for that drug or biologic. Orphan drug designation must be requested before submitting a BLA. After the FDA grants orphan drug designation, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. In addition, if a product that has orphan drug designation subsequently receives the first FDA approval for a particular drug or biologic for the disease for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications, including a full BLA, to market the same biologic for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or if the FDA finds that the holder of the orphan drug exclusivity has not shown that it can assure the availability of sufficient quantities of the orphan drug to meet the needs of patients with the disease or condition for which the drug was designated. Orphan drug exclusivity does not prevent the FDA from approving a different drug or biologic for the same disease or condition, or the same drug or biologic for a different disease or condition. Orphan product exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval of the same biological product as defined by the FDA or if our product candidate is determined to be contained within the competitor's product for the same indication or disease.

A designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. In addition, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or, as noted above, if a second applicant demonstrates that its product is clinically superior to the approved product with orphan exclusivity or the manufacturer of the approved product is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

### ***Post-Approval Requirements***

Biologics are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing, annual program fees for any marketed products. Biologic manufacturers and other entities involved in the manufacture and distribution of

## [Table of Contents](#)

approved biological products are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain GMP compliance. Changes to the manufacturing process or facility are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

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

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or untitled letters;
- clinical holds on clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs;
- mandated modification of promotional materials and labeling and the issuance of corrective information;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases and other communications containing warnings or other safety information about the product; or
- injunctions or the imposition of civil or criminal penalties.

The FDA closely regulates the marketing, labeling, advertising and promotion of biologics. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. FDA sanctions could include refusal to approve pending applications, withdrawal of an approval, clinical hold, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, mandated corrective advertising or communications with doctors, debarment, restitution, disgorgement of profits, or civil or criminal penalties. Physicians may prescribe legally available products for uses that are not described in the product's labeling and that differ from those tested and approved by the FDA. Such off-label uses are common across medical specialties. Physicians may believe, in their independent medical judgment, that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer's communications on the subject of off-label use of their products.

### ***Biosimilars and Reference Product Exclusivity***

The Affordable Care Act, signed into law in 2010, includes a subtitle called the Biologics Price Competition and Innovation Act (BPCIA), which created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. The FDA has issued several guidance documents outlining an approach to review and approval of biosimilars.

Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity and potency, can be shown through analytical studies, animal studies, and a clinical study or studies. Interchangeability requires that a product is biosimilar to the reference product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product in any given patient and, for products that are administered multiple times to an individual, the biologic and the reference biologic may be alternated or switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic. However, complexities associated with the larger, and often more complex, structures of biological products, as well as the processes by which such products are manufactured, pose significant hurdles to implementation of the abbreviated approval pathway that are still being worked out by the FDA.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing that applicant's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of its product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. At this juncture, it is unclear whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, which are governed by state pharmacy law.

A biological product can also obtain pediatric market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric study in accordance with an FDA-issued "Written Request" for such a study. The BPCIA is complex and continues to be interpreted and implemented by the FDA. In addition, government proposals have sought to reduce the 12-year reference product exclusivity period. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have also been the subject of recent litigation. As a result, the ultimate impact, implementation and impact of the BPCIA is subject to significant uncertainty.

### ***Government Regulation Outside of the United States***

In addition to regulations in the United States, we will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical studies and any commercial sales and distribution of our products. Because biologically sourced raw materials are subject to unique contamination risks, their use may be restricted in some countries. Whether or not we obtain FDA approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical studies or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical study application much like the IND prior to the commencement of human clinical studies.

In the European Union, for example, a clinical trial application (CTA) must be submitted to each country's national health authority and an independent ethics committee, much like the FDA and the

IRB, respectively. Once the CTA is approved in accordance with the applicable requirements, clinical study development may proceed. The requirements and process governing the conduct of clinical studies, are to a significant extent harmonized at the European Union-level but could vary from country to country. In all cases, the clinical studies are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki. The way clinical trials are conducted in the European Union will undergo a major change when the Clinical Trial Regulation (Regulation (EU) 536/2014) comes into application, probably in 2022. The Regulation harmonizes the assessment and supervision processes for clinical trials throughout the European Union via a Clinical Trials Information System, which will contain a centralized European Union portal and database.

To obtain regulatory approval of an investigational biological product under European Union regulatory systems, we must submit a marketing authorization application. The application used to file the BLA in the United States is similar to that required in the European Union, with the exception of, among other things, country-specific document requirements. Innovative products that target an unmet medical need may be eligible for a number of expedited development and review programs in the European Union, such as the PRIME scheme, which provides incentives similar to the breakthrough therapy designation in the United States. Such products are generally eligible for accelerated assessment and may also benefit from different types of fast track approvals, such as a conditional marketing authorization or a marketing authorization under exceptional circumstances granted on the basis of less comprehensive clinical data than normally required (respectively in the likelihood that the sponsor will provide such data within an agreed timeframe or when comprehensive data cannot be obtained even after authorization).

The European Union also provides opportunities for market exclusivity. For example, in the European Union, upon receiving marketing authorization, new chemical entities generally receive eight years of data exclusivity and an additional two years of market exclusivity. If granted, data exclusivity prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic or biosimilar application. During the additional two-year period of market exclusivity, a generic or biosimilar marketing authorization can be submitted, and the innovator's data may be referenced, but no generic or biosimilar product can be marketed until the expiration of the market exclusivity. However, there is no guarantee that a product will be considered by the European Union's regulatory authorities to be a new chemical entity, and products may not qualify for data exclusivity. Products receiving orphan designation in the European Union can receive ten years of market exclusivity, during which time no similar medicinal product for the same indication may be placed on the market. An orphan product can also obtain an additional two years of market exclusivity in the European Union for pediatric studies. No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications.

The criteria for designating an "orphan medicinal product" in the European Union are similar in principle to those in the United States. Under Article 3 of Regulation (EC) 141/2000, a medicinal product may be designated as orphan if (1) it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition; (2) either (a) such condition affects no more than five in 10,000 persons in the European Union when the application is made, or (b) the product, without the benefits derived from orphan status, would not generate sufficient return in the European Union to justify investment; and (3) there exists no satisfactory method of diagnosis, prevention or treatment of such condition authorized for marketing in the European Union, or if such a method exists, the product will be of significant benefit to those affected by the condition, as defined in Regulation (EC) 847/2000. Orphan medicinal products are eligible for financial incentives such as reduction of fees or fee waivers and are, upon grant of a marketing authorization, entitled to ten years of market exclusivity for the approved therapeutic indication. The application for orphan drug designation must be submitted before the application for marketing authorization. The applicant will receive a fee reduction for the marketing

## [Table of Contents](#)

authorization application if the orphan drug designation has been granted, but not if the designation is still pending at the time the marketing authorization is submitted. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

The 10-year market exclusivity may be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan designation, for example, if the product is sufficiently profitable not to justify maintenance of market exclusivity. Additionally, marketing authorization may be granted to a similar product for the same indication at any time if:

- The second applicant can establish that its product, although similar, is safer, more effective or otherwise clinically superior;
- The applicant consents to a second orphan medicinal product application; or
- The applicant cannot supply enough orphan medicinal product.

The medicinal products we are developing, which are based on genes, cells or tissues, may be considered advanced therapy medicinal products (ATMPs) in the European Union if they meet the scientific criteria for defining an ATMP. The principles of the aforementioned medicines legislation apply to ATMPs. All ATMPs must obtain a marketing authorization from the EMA and are regulated through the centralized authorization procedure. Regulation (EC) No 1394/2007 (the ATMP Regulation) provides specific incentives to accelerate the development of such products, including fee reductions for scientific advice, an ATMP classification procedure (for all developers) and a certification procedure for quality and preclinical data (for SMEs only).

If tissues and cells are being used as starting materials in a medicinal product we may also need to comply with the requirements of Directive 2004/23/EC (the European Tissues and Cells Directive) covering standards for donation, procurement and testing, processing, preservation, storage and distribution of human tissues and cells, as well as its technical implementing directives; and Directive 2015/566, as regards the procedures for verifying the equivalent standards of quality and safety of imported tissues and cells.

In the European Union, early access mechanisms for innovative medicines (such as compassionate use programs and named patient supplies), pricing and reimbursement, and promotion and advertising are subject to national regulations and oversight by national competent authorities and therefore significantly vary from country to country.

Sanctions for non-compliance with the aforementioned requirements, which may include administrative and criminal penalties, are generally determined and enforced at national level. However, under the European Union financial penalties regime, the EMA can investigate and report on alleged breaches of the European Union pharmaceutical rules by holders of a marketing authorization for centrally authorized medicinal products and the European Commission could adopt decisions imposing significant financial penalties on infringing marketing authorization holders.

The United Kingdom left the European Union on January 31, 2020. Following the Transition Period which ended on December 31, 2020, Brexit could materially impact the regulatory regime with respect to the development, manufacture, importation, approval and commercialization of our product candidates in the United Kingdom in the coming years.

For other countries outside of the European Union, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical studies, product licensing, pricing and reimbursement vary from country to country. In all cases, again, the clinical studies are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

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

### **Other Healthcare Laws**

Pharmaceutical companies are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business and may constrain the financial arrangements and relationships through which we research, sell, market and distribute any products for which we obtain marketing approval. Such laws include, without limitation, federal and state anti-kickback, fraud and abuse, false claims, data privacy and security, price reporting and physician and other health care provider transparency laws and regulations. If our operations are found to be in violation of any of such laws or any other governmental regulations that apply, we may be subject to penalties, including, without limitation, administrative, civil and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of operations, integrity oversight and reporting obligations, exclusion from participation in federal and state healthcare programs and imprisonment.

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

Additionally, the intent standard under the Anti-Kickback Statute and the criminal healthcare fraud statutes under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) was amended by the ACA to a stricter standard such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the ACA codified case law that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act (FCA) (discussed below).

The FCA prohibits, among other things, any person or entity from knowingly presenting, or causing to be presented, a false claim for payment to, or approval by, the federal government or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes "any request or demand" for money or property presented to the U.S. government. Pharmaceutical and other healthcare companies have been prosecuted under these laws for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product and for causing false claims to be submitted because of the companies' marketing of the product for unapproved, and thus non-covered, uses.



## [Table of Contents](#)

HIPAA also created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud or to obtain, by means of false or fraudulent pretenses, representations or promises, any money or property owned by, or under the control or custody of, any healthcare benefit program, including private third-party payors and knowingly and willfully falsifying, concealing or covering up by trick, scheme or device, a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Also, many states have similar fraud and abuse statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor.

Additionally, the federal Physician Payments Sunshine Act within the ACA, and its implementing regulations, require that certain manufacturers of drugs, devices, biological and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) annually report information related to certain payments or other transfers of value made or distributed to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals and certain ownership and investment interests held by these healthcare providers and their immediate family members. Beginning in 2022, applicable manufacturers also will be required to report information regarding its payments and other transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists and certified nurse midwives during the previous year.

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

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

marketing practices. All of our activities are potentially subject to federal and state consumer protection and unfair competition laws.

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

### ***Coverage and Reimbursement***

Sales of any product depend, in part, on the extent to which such product will be covered by third-party payors, such as federal, state and foreign government healthcare programs, commercial insurance and managed healthcare organizations, and the level of reimbursement for such product by third-party payors. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. Reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination that a product is safe, effective and medically necessary; appropriate for the specific patient; cost-effective; supported by peer-reviewed medical journals; included in clinical practice guidelines; and neither cosmetic, experimental, nor investigational. A third-party payor could also require that certain lines of therapy be completed or failed prior to reimbursing our therapy. The principal decisions about reimbursement for new medicines are typically made by the Centers for Medicare & Medicaid Services (CMS), an agency within the U.S. Department of Health and Human Services (HHS). CMS decides whether and to what extent products will be covered and reimbursed under Medicare and private payors tend to follow CMS to a substantial degree. Third-party payors determine which products and procedures they will cover and establish reimbursement levels. Even if a third-party payor covers a particular product or procedure, the resulting reimbursement payment rates may not be adequate. These third-party payors are increasingly reducing coverage and reimbursement for medical products, drugs and services. In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit sales of any product. Decreases in third-party reimbursement for any product or a decision by a third-party payor not to cover a product could reduce physician usage and patient demand for the product and also have a material adverse effect on sales.

### ***Healthcare Reform***

In the United States, in March 2010, the ACA was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly affected the pharmaceutical industry. The ACA contained a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement adjustments and changes to fraud and abuse laws. For example, the ACA:

- increased the minimum level of Medicaid rebates payable by manufacturers of brand name drugs from 15.1% to 23.1% of the average manufacturer price;
- required collection of rebates for drugs paid by Medicaid managed care organizations;

## [Table of Contents](#)

- required manufacturers to participate in a coverage gap discount program, under which they must agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D;
- imposed a non-deductible annual fee on pharmaceutical manufacturers or importers who sell "branded prescription drugs" to specified federal government programs.
- expanded the entities eligible for discounts under the Public Health Service pharmaceutical pricing program; and
- created a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research, along with funding for such research.

There have been executive, judicial and Congressional challenges to certain aspects of the ACA. For example, the Tax Act was enacted, which includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas ruled that the individual mandate is a critical and inseparable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit ruled that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. The U.S. Supreme Court is currently reviewing this case, but it is unknown when a decision will be reached. Although the U.S. Supreme Court has not yet ruled on the constitutionality of the ACA, on January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through May 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is unclear how the Supreme Court ruling, other such litigation and the healthcare reform measures of the Biden administration will impact the ACA and our business.

Other legislative changes have also been proposed and adopted in the United States since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013. However, COVID-19 relief legislation suspended the 2% Medicare sequester from May 1, 2020 through March 31, 2021. Legislation is currently pending in Congress that would further extend the suspension through December 31, 2021. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There has been heightened governmental scrutiny recently over the manner in which pharmaceutical companies set prices for their marketed products, which has resulted in several Congressional inquiries and proposed federal legislation, as well as state efforts, designed to, among other things, bring more transparency to product pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. The Trump administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. For example, on July 24, 2020, President Trump

announced several executive orders related to prescription drug pricing that attempt to implement several of the Administration's proposals. The FDA also released a final rule, effective November 30, 2020, implementing a portion of the importation executive order providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The implementation of the rule has been delayed by the Biden administration from January 1, 2022 to January 1, 2023 in response to ongoing litigation. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a new safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have also been delayed until January 1, 2023. On November 20, 2020, CMS issued an interim final rule implementing President Trump's Most Favored Nation executive order, which would tie Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021. On December 28, 2020, the U.S. District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological 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 anticipate that these new laws will result in additional downward pressure on coverage and the price that we receive for any approved product, and could seriously harm our business. Any reduction in reimbursement from Medicare and other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products (if approved). In addition, it is possible that there will be further legislation or regulation that could harm our business, financial condition and results of operations. For example, it is possible that additional governmental action is taken in response to address the COVID-19 pandemic.

### ***Other Privacy and Security Laws***

We may become subject to privacy laws in the jurisdictions in which we are established or in which we sell or market our products or run clinical trials. For example, in Europe we may be subject to Regulation (EU) 2016/679, the General Data Protection Regulation (GDPR) in relation to our collection, control, processing and other use of personal data (i.e. data relating to an identifiable living individual). The GDPR is directly applicable in each European Union Member State, however, it provides that European Union Member States may introduce further conditions, including limitations which could limit our ability to collect, use and share personal data (including health and medical information), or could cause our compliance costs to increase, ultimately having an adverse impact on our business.

The GDPR imposes onerous accountability obligations requiring data controllers and processors to maintain a record of their data processing and implement policies as part of its mandated privacy governance framework. It also requires data controllers to be transparent and disclose to data subjects (in a concise, intelligible and easily accessible form) how their personal information is to be used, imposes limitations on retention of personal data; defines pseudonymized (i.e., key-coded) data; introduces mandatory data breach notification requirements; and sets higher standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. We are subject to the supervision of local data protection authorities in those European Union jurisdictions where we are established or otherwise subject to the GDPR. Fines for certain breaches of the GDPR are significant: up to the greater of €20 million or 4% of total global annual turnover. Further,

following the withdrawal of the United Kingdom from the European Union on January 31, 2020, pursuant to the transitional arrangements agreed between the United Kingdom and the European Union, we will have to comply with the GDPR and separately the GDPR as implemented in the United Kingdom, each regime having the ability to fine up to the greater of €20 million/ £17 million or 4% of global turnover. The relationship between the United Kingdom and the European Union in relation to certain aspects of data protection law remains unclear, including how data transfers between European Union member states and the United Kingdom will be treated. These changes may lead to additional compliance costs and could increase our overall risk. In addition to the foregoing, a breach of the GDPR or other applicable privacy and data protection laws and regulations could result in regulatory investigations, reputational damage, orders to cease/change our use of data, enforcement notices, or potential civil claims including class action type litigation.

In addition, the GDPR includes restrictions on cross-border data transfers. Certain aspects of cross-border data transfers under the GDPR are uncertain as the result of legal proceedings in the European Union, including a recent decision by the Court of Justice for the European Union that invalidated the EU-U.S. Privacy Shield and, to some extent, called into question the efficacy and legality of using standard contract clauses. This may increase the complexity of transferring personal data across borders. The GDPR will increase our responsibility and liability in relation to personal data that we process where such processing is subject to the GDPR, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, including as implemented by individual countries. We are also subject to European Union rules with respect to cross-border transfers of personal data out of the European Union and EEA. Recent legal developments in the European Union have created complexity and uncertainty regarding transfers of personal data from the EEA to the United States. On July 16, 2020, the Court of Justice of the European Union (CJEU) invalidated the EU-US Privacy Shield Framework (Privacy Shield) under which personal data could be transferred from the EEA to US entities who had self-certified under the Privacy Shield scheme. While the CJEU upheld the adequacy, subject to certain conditions, of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism), future regulatory guidance could result in changes to the use of standard contractual clauses. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

Further, the vote in the United Kingdom in favor of exiting the European Union, referred to as Brexit, has created uncertainty with regard to data protection regulation in the United Kingdom. Specifically, while the Data Protection Act of 2018, which “implements” and complements the GDPR achieved Royal Assent on May 23, 2018 and is now effective in the United Kingdom, aspects of data protection in the United Kingdom, such as the transfer of data from the EEA to the United Kingdom, remain uncertain. During the period of “transition” (i.e., until December 31, 2020), European Union law will continue to apply in the United Kingdom, including the GDPR, after which the GDPR will be converted into United Kingdom law. Beginning in 2021, the United Kingdom will be a “third country” under the GDPR.

In addition, California recently enacted the California Consumer Privacy Act (CCPA) which creates new individual privacy rights for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling certain personal data of consumers or households. The CCPA requires covered companies to provide new disclosure to consumers about such companies’ data collection, use and sharing practices, provide such consumers new ways to opt-out of certain sales or transfers of personal information, and provide consumers with additional causes of action. The CCPA

provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. The CCPA became effective on January 1, 2020, and (i) allows enforcement by the California Attorney General, with fines set at \$2,500 per violation (i.e., per person) or \$7,500 per intentional violation and (ii) authorizes private lawsuits to recover statutory damages for certain data breaches. In addition, laws in all 50 U.S. states require businesses to provide notice to consumers whose personal information has been disclosed as a result of a data breach. State laws are changing rapidly and there is discussion in the U.S. Congress of a new comprehensive federal data privacy law to which we would become subject if it is enacted. The CCPA may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal data and protected health information. Further, the California Privacy Rights Act (the CPRA) recently passed in California. The CPRA will impose additional data protection obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It will also create a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. The majority of the provisions will go into effect on January 1, 2023, and additional compliance investment and potential business process changes may be required.

### ***The U.S. Foreign Corrupt Practices Act***

The U.S. Foreign Corrupt Practices Act of 1977 (FCPA), prohibits any U.S. individual or business from paying, offering, or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

### **Employees and Human Capital Resources**

As of March 31, 2021, we had 188 full-time employees and two part-time employees, consisting of clinical, research, operations, regulatory, finance and business development personnel. 53 of our employees hold Ph.D. or M.D. degrees. None of our employees is subject to a collective bargaining agreement. We consider our relationship with our employees to be good.

We recognize that our continued ability to attract, retain and motivate exceptional employees is vital to ensuring our long-term competitive advantage. Our employees are critical to our long-term success and are essential to helping us meet our goals. Among other things, we support and incentivize our employees in the following ways:

- ***Talent development, compensation and retention*** – We strive to provide our employees with a rewarding work environment, including the opportunity for growth, success and professional development. We provide a competitive compensation and benefits package, including broad-based bonus and equity plans, a 401(k) plan and a multi-layered recognition program – all designed to attract and retain a skilled and diverse workforce.
- ***Health and safety*** – We support the health and safety of our employees by providing comprehensive insurance benefits, an employee assistance program, wellness days and other additional benefits which are intended to assist employees to manage their well-being.

- **Inclusion and diversity** – We are committed to efforts to increase diversity and foster an inclusive work environment that supports our workforce.

One of our top priorities during the ongoing COVID-19 pandemic remains protecting the health and well-being of our employees, customers, partners and communities. We have closely monitored the COVID-19 pandemic and have strived to follow recommended containment and mitigation measures, including the guidance from the CDC, the states of California and Washington and applicable counties. For most of the pandemic, essential laboratory, manufacturing and support employees worked in our facilities to continue and progress experiments and manufacturing related activities. We implemented preventative measures at our facilities in order to minimize the risk of employees' exposure to the virus, including the following requirements: that each employee who entered a facility agreed to comply with social distancing, frequent hand washing and the requirement to wear masks. We also increased cleaning of high touch areas, provided hand sanitizing stations and implemented an employee questionnaire to ensure employee health status and to provide for limited on-site tracing if needed. Finally, commencing in early March 2020, we suspended all non-essential business travel and directed all employees who are not essential laboratory or manufacturing personnel to work from home. We expect to continue such measures for the near foreseeable future. We will continue to actively monitor the situation related to the COVID-19 pandemic and may take further actions that alter our operations, including those that may be required by federal, state, or local authorities, or that we determine are in the best interests of our employees and other third parties with whom we do business.

## **Facilities**

### **California**

Our current corporate headquarters are located in South San Francisco, California, where we lease approximately 40,000 square feet of office and laboratory space pursuant to a lease agreement which commenced on January 14, 2019 and expires on December 17, 2021. Additionally, we lease approximately 108,000 square feet of office and laboratory space in South San Francisco, California, which will be the site of our future corporate headquarters, pursuant to a lease agreement which commenced on February 1, 2020 and expires on March 31, 2031.

### **Washington**

We lease approximately 34,000 square feet of office and laboratory space in Seattle, Washington, pursuant to a lease agreement which commenced on January 1, 2019 and expires on December 31, 2028. We lease approximately 73,000 square feet of manufacturing, office and laboratory space in Bothell, Washington, pursuant to a lease agreement which commenced on February 1, 2020 and expires on May 31, 2030.

We believe that these existing facilities will be adequate for our near-term needs. If required, we believe that suitable additional or alternative space would be available in the future on commercially reasonable terms.

### **COVID-19 Impact on Facilities**

We are partially operating virtually to align with local COVID-19 guidelines, which we believe meets our operational needs for the time being as a preclinical-stage organization. To date, we have not experienced any material impact on our ability to operate our business. We plan to periodically reassess our facility needs.

## **Legal Proceedings**

From time to time, we may become involved in material legal proceedings or be subject to claims arising in the ordinary course of our business. For example, although not material to our operations, in February 2021 we filed a demand for arbitration to, among other things, seek rescission of the agreements we entered into with PACT in June 2020 and recover the consideration paid to PACT thereunder. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

We are currently not party to any legal proceedings material to our operations or of which any of our property is the subject, nor are we aware of any such proceedings that are contemplated by a government authority.

Regardless of outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.



**MANAGEMENT****Executive Officers, Management and Directors**

The following table sets forth information regarding our executive officers, management and directors as of April 12, 2021.

<b>Name</b>	<b>Age</b>	<b>Position</b>
<b>Executive Officers:</b>		
Richard D. Klausner, M.D.	69	Executive Chairman and Director
Elizabeth Homans	55	Chief Executive Officer and Director
Charles Newton	50	Chief Financial Officer
Stephen Hill	50	Chief Technical Operations Officer
Heather Turner	48	Chief General Counsel
<b>Management:</b>		
Nicholas Restifo, M.D.	60	Executive Vice President, Research
Tina Albertson, M.D., Ph.D.	48	Chief Medical Officer and Head of Development
Richard Goold, Ph.D.	61	Chief Information Officer
Lisa Ryan	54	Chief People Officer
<b>Non-Employee Directors:</b>		
Hans Bishop	57	Director
Otis Brawley, M.D.(4)	61	Director
Catherine Friedman(1)(2)	60	Director
Robert Nelsen(1)	57	Director
William Rieflin(2)	61	Director

(1) Member of the compensation committee.

(2) Member of the nominating and corporate governance committee.

(3) Member of the audit committee.

(4) Appointed April 2021.

**Executive Officers**

**Richard D. Klausner, M.D.** is our founder and current Executive Chairman and was previously our Chief Executive Officer from September 2018 to July 2020. He previously served on the board of directors of Juno Therapeutics, a Bristol-Myers Squibb company that he founded. Since January 2016, Dr. Klausner has served as a member of the board of directors of GRAIL, a private life sciences company that he founded. He is also the co-founder and Executive Chairman of Mindstrong, co-founder of Lifemine Therapeutics, Executive Chairman of Wisdo, Chairman of Sonoma Biotherapeutics and a member of the board of directors of X-Tremity Prosthetics. From September 2013 to February 2016, Dr. Klausner served in multiple senior leadership positions at Illumina Corporation, including as Senior Vice President, Chief Medical Officer and Chief Opportunity Officer. He currently chairs the Grand Challenges in Cancer program of Cancer Research UK. Previously he served as managing partner of the venture capital firm, The Column Group, was the Executive Director for Global Health of the Bill and Melinda Gates Foundation from 2002 to 2005 and was the eleventh director of the National Cancer Institute between 1995 and 2001. Dr. Klausner received an M.D. from Duke Medical School and a B.S. from Yale University. We believe that Dr. Klausner's scientific and medical expertise, particularly in cell biology, molecular biology and cancer, as well as his industry, academic and public service leadership roles, make him an appropriate member of our board of directors.

**Elizabeth Homans** has served as our Chief Executive Officer and member of our board of directors since August 2020. From September 2018 to August 2020, she served as our President and

## [Table of Contents](#)

the operational lead as we grew in size, scope and ambition. From July 2009 to May 2018, Ms. Homans served in multiple senior leadership positions at Genentech, including Vice President, U.S. Sales and Marketing Leader for Breast Cancer, Vice President, U.S. Sales and Marketing Leader for Xolair, Vice President, Global Regulatory Operations Leader and Vice President, Global Product Strategy, HER2 Franchise. From May 2004 through November 2007, Ms. Homans served as Executive Director, Project Leadership and Portfolio Management at Jazz Pharmaceuticals, Inc. Ms. Homans received an M.B.A. from Columbia University in the City of New York and a B.A. in German and Economics from Bates University. We believe that Ms. Homans' extensive work in high-growth biotechnology companies makes her an appropriate member of our board of directors.

**Charles Newton** has served as our Chief Financial Officer since February 2021. From November 2015 to February 2021, he served as Managing Director & Co-Head of Healthcare Investment Banking in the Americas at Bank of America. From September 2010 to November 2015, Mr. Newton served as Managing Director at Credit Suisse where his last position was Co-Head of Healthcare Investment Banking in the Americas. From June 1996 to September 2010, he served in the investment banking division at Morgan Stanley where his last position was Managing Director and Head of Western Region Healthcare Investment Banking. Mr. Newton received an M.B.A. from The Tuck School at Dartmouth College and a B.S. in Finance from Miami University.

**Stephen Hill** has served as our Chief Technical Operations Officer since June 2019. From June 2018 to June 2019, he was Senior Vice President, Head of Global Biologics Operations and from March 2016 to June 2018 as Vice President, Site Head at AstraZeneca, a publicly-traded company. From December 2012 through February 2016, Mr. Hill served in multiple positions at Amgen, including as Vice President, Bulk Manufacturing, Executive Director, Plant Manager and Executive Director, Manufacturing Technologies. Mr. Hill received an M.B.A. and a B.S. in Microbiology and B.A. in Political Science from the University of Washington.

**Heather Turner** has served as our Chief General Counsel since December 2019 when she was promoted from our General Counsel, a position she served from April 2019 to December 2019. From February 2018 to March 2019, she served as Executive Vice President, General Counsel and Secretary of Sangamo Therapeutics, Inc., a publicly-traded biotechnology company. From July 2015 to February 2018, Ms. Turner served as Executive Vice President, General Counsel and Head of Portfolio Strategy at Atara Biotherapeutics, Inc., a publicly-traded cell therapy company. From June 2007 to June 2015, she served as General Counsel and Secretary of Orexigen Therapeutics, Inc., a publicly-traded small molecule company. Ms. Turner received a J.D. from UCLA School of Law and a B.A. in Environmental Studies from University of California, Santa Barbara.

### **Management**

**Nicholas Restifo, M.D.** has served as our Executive Vice President, Research since July 2019. From July 1989 to July 2019, Dr. Restifo served in multiple positions at the National Cancer Institute, including as Head of the Center of Excellence in Immunology and Director of the 'Cancer Moonshot' in Adoptive Cellular Therapy. Dr. Restifo received an M.D. from New York University and his B.S. in Natural Sciences from Johns Hopkins University.

**Tina Albertson, M.D., Ph.D.** has served as our Chief Medical Officer and Head of Development since July 2020. From January 2015 to April 2020, Dr. Albertson was Vice President of Global Drug Development at Juno Therapeutics, a Bristol-Myers Squibb company. From October 2010 to January 2015, Dr. Albertson served as Medical Director at Seagen, a publicly-traded biotechnology company. Dr. Albertson also completed a pediatric oncology fellowship at University of Washington. Dr. Albertson received a Ph.D. in Cancer Biology from University of Washington, an M.D. from Stanford University and a B.S. in Biology from University of Oregon.

**Richard Goold, Ph.D.** has served as our Chief Information Officer since April 2019. From January 2019 to April 2019, he served as our Senior Vice President of Information Sciences. From January 2010 to December 2018, Dr. Goold served as Chief Executive Officer of Station X, a human genome data analytics company that he founded and that was acquired by Roche. From November 2002 to April 2004, Dr. Goold was the Chief Genomics Officer at Incyte Corporation. From February 2000 to October 2002, Dr. Goold was Chief Executive Officer of Prospect Genomics, a computational genomics company that he founded and that was acquired by Structural GenomiX. Dr. Goold was also a founding scientist and Project Lead at the UCSF/Stanford Human Genome Center. Dr. Goold received a Ph.D. in Medical Biochemistry from the University of Cape Town and a M.Pharm. in Pharmacology and a B.Pharm. from Rhodes University.

**Lisa Ryan** has served as our Chief People Officer since December 2020. From December 2018 to December 2020, she served as our Vice President of People. From November 2008 through December 2018, Ms. Ryan served in multiple positions at Genentech, including Global Human Resources Director, Product Development, Clinical Operations; Director, Human Resources for Biologics; Associate Director, Human Resources, SSF Production and DS/DP Quality; Group Product Manager, Business Operations – Virology and Specialty Care and Senior Human Resources Business Partner, US Commercial. From July 2004 to January 2008, Ms. Ryan served as Vice President/Group Director of Talent Operations at Digitas, a digital and direct advertising agency that is part of the Publicis group. Lisa received an M.B.A. from Suffolk University and a B.A. in Psychology from Boston College.

#### **Non-Employee Directors**

**Hans Bishop** has served as a member of our board of directors since August 2018. Since 2019, Mr. Bishop has served as the Chief Executive Officer of GRAIL, Inc., a private life sciences company. From July 2013 to March 2018, Mr. Bishop served as President and Chief Executive Officer at Juno Therapeutics, a company that he founded and that was acquired by Celgene. From February 2012 through July 2013, Mr. Bishop served as Executive in Residence at Warburg Pincus, a multinational private equity firm. From January 2010 to September 2011, Mr. Bishop served as Executive Vice President and Chief Operating Officer at Dendreon, Inc., a publicly-traded cancer immunotherapy company. From December 2006 to January 2010, Mr. Bishop served as President of Specialty Medicine at Bayer Healthcare, a publicly-traded company. From January 2004 to August 2006, he served in multiple leadership positions at Chiron Corporation, a multinational biotechnology company, including as Senior Vice President of Global Commercial Operations and Vice President and General Manager of European Biopharmaceuticals. He currently serves as the Chairman of Sana Biotechnology since October 2018 and as a director of Agilent Technologies since July 2017 and JW Therapeutics, all of which are publicly-traded companies, and previously served as a director of Celgene from June 2018 to November 2019. Mr. Bishop received a B.A. in Chemistry from Brunel University in London. We believe that Mr. Bishop's more than 30 years of experience in the biotechnology industry and chemistry studies make him an appropriate member of our board of directors.

**Otis Brawley, M.D.** has served as a member of our board of directors since April 2021. Dr. Brawley has served as a Bloomberg Distinguished Professor of Oncology and Epidemiology at Johns Hopkins University since January 2019 and as a member of the board of directors of PDS Biotechnology Corporation, a publicly-traded biotechnology company since November 2020. From April 2007 to December 2018, he served as the Chief Medical and Scientific Officer of American Cancer Society. From January 2002 to August 2007, he was director of the Georgia Cancer Center at Grady Memorial Hospital. From April 2001 to December 2018, he served as professor of hematology, oncology, medicine and epidemiology at Emory University. Dr. Brawley received an M.D. from the University of Chicago, Pritzker School of Medicine and a B.S. in Chemistry from the University of

Chicago. He completed an internal medicine residency at Case-Western Reserve University and a fellowship in medical oncology at the National Cancer Institute. He is board certified in internal medicine and medical oncology. We believe that Dr. Brawley's education and work in oncology makes him an appropriate member of our board of directors.

**Catherine Friedman** has served as a member of our board of directors since August 2018. Ms. Friedman is an independent financial consultant who has been serving public and private companies in the life sciences industry since 2006. Previously, Ms. Friedman held numerous executive positions during a 23-year investment banking career with Morgan Stanley & Co., an investment bank, including managing director, head of West Coast Healthcare and co-head of the Biotechnology Practice. Ms. Friedman is the chair of the board of directors for GRAIL, Inc. since August 2017, and also serves as a member of the boards of Altaba Inc. (formerly Yahoo! Inc.) since March 2016, Radius Health, Inc. since August 2015, Seer, Inc. since September 2020, Vividion Therapeutics, Inc. since March 2021 and Revolution Healthcare Acquisition Corp since February 2021, and previously served on the board of directors of Innoviva, Inc., a publicly-traded company. Ms. Friedman is a trustee of The Darden School Foundation at the University of Virginia. Ms. Friedman holds a B.A. in economics from Harvard University and an MBA from The University of Virginia's Darden School of Business. We believe that Ms. Friedman's extensive financial experience and work for biotechnology companies make her an appropriate member of our board of directors.

**Robert Nelsen** has served as a member of our board of directors since September 2018. Since 1986, Mr. Nelsen has served as Co-founder and Managing Director of ARCH Venture Partners, a venture capital firm focused on early-stage technology companies. Mr. Nelsen is a member of the board of directors of Beam Therapeutics, Denali Therapeutics, Hua Medicine, Karuna Pharmaceuticals, Sana Biotechnology, Revolution Healthcare Acquisition Corp. and Vir Biotechnology, all of which are publicly-traded companies, and serves as the Chairman of Hua Medicine. Previously, Mr. Nelsen served on the boards of Juno Therapeutics from August 2013 to March 2018, Syros Pharmaceuticals from August 2012 to June 2018, Sienna Biopharmaceuticals from August 2015 to October 2018, Agios Pharmaceuticals from December 2007 to June 2017, KYTHERA Biopharmaceuticals from January 2006 to December 2014, Adolor Corporation from November 1994 to May 2008, Illumina Corporation from June 1998 to August 2006, Fate Therapeutics from September 2007 to June 2014, deCODE genetics from August 1996 to November 2001, NeurogesX from July 2000 to May 2013, Bellerophon Therapeutics from February 2014 to February 2015, Sage Therapeutics from September 2013 to March 2016 and Caliper Life Sciences from April 1996 to December 1999. From 2004 to 2014, Mr. Nelsen served as trustee of the Fred Hutchinson Cancer Research Center. Mr. Nelsen received an M.B.A. from the University of Chicago and a B.S. degree with majors in Economics and Biology from the University of Puget Sound. We believe that Mr. Nelsen's experience as a venture capitalist building and serving on the boards of many public and private emerging companies, including multiple life sciences, biotechnology and pharmaceutical companies, makes him an appropriate member of our board of directors.

**William Rieflin** has served as a member of our board of directors since May 2020. From September 2010 to September 2018, he served as the Chief Executive Officer of NGM Biopharmaceuticals, Inc. Since April 2015, Mr. Rieflin has served on the Board, and has been Chairman of the Board since June 2019, at RAPT Therapeutics, Inc., a publicly-traded biopharmaceutical company and since September 2018 he has served as Executive Chairman of the Board at NGM Biopharmaceuticals, Inc., a publicly-traded biotechnology company where he also previously served as a member of the board since 2010. Mr. Rieflin previously served on the board of directors of Anacor Pharmaceuticals, Inc., a pharmaceutical company, from April 2011 to June 2016 and of XenoPort, Inc. from September 2010 to July 2016. Mr. Rieflin also served as a board member of Flexus Biosciences until its acquisition in 2015. From August 2004 until September 2010, he served as President of XenoPort, Inc., a publicly-traded company. He currently serves on the board of directors of

## [Table of Contents](#)

Kallyope, Inc. and Lycia Therapeutics, Inc., both privately-held companies. Mr. Rieflin received an M.B.A. from the University of Chicago Booth Graduate School of Business, a J.D. from Stanford Law School and a B.S. in Industrial and Labor Relations from Cornell University. We believe that Mr. Rieflin's extensive experience in the biopharmaceutical industry, his industry expertise and financial knowledge and his experience as a member of the board of directors of other public companies makes him an appropriate member of our board of directors.

### **Composition of Our Board of Directors**

Our business and affairs are organized under the direction of our board of directors, which currently consists of nine members with two vacancies. The primary responsibilities of our board of directors are to provide oversight, strategic guidance, counseling and direction to our management. Our board of directors meets on a regular basis and additionally as required.

Certain members of our board of directors were elected under the provisions of our Amended and Restated Voting Agreement entered into in April 2021 (the Voting Agreement), which will terminate upon the closing of this offering. Under the terms of our Voting Agreement, the stockholders who are party to the Voting Agreement have agreed to vote their respective shares to elect: (i) two directors designated by ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P., currently Hans Bishop and Robert Nelsen; (ii) one director who shall be our then-current Chief Executive Officer, currently Elizabeth Homans; (iii) one director who shall be our then-current Executive Chairman, currently Richard D. Klausner, M.D.; and (iv) five directors who are not our employees or affiliates, with such individuals to be designated by mutual agreement of our board of directors, currently Otis Brawley, Catherine Friedman, William Rieflin and two vacancies. The Voting Agreement will terminate upon the closing of this offering, and upon the closing of the offering no stockholder will have any special rights regarding the election or designation of the members of our board of directors. Our current directors elected to our board of directors pursuant to the Voting Agreement will continue to serve as directors until their successors are duly elected and qualified by holders of our common stock.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation to be filed in connection with this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, and their terms will expire at the annual meeting of stockholders to be held in 2022;
- the Class II directors will be \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, and their terms will expire at the annual meeting of stockholders to be held in 2023; and
- the Class III directors will be \_\_\_\_\_ and \_\_\_\_\_ their terms will expire at the annual meeting of stockholders to be held in 2024.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

### **Director Independence**

Under the Nasdaq Listing Rules independent directors must comprise a majority of our board of directors as a listed company within one year of the listing date.

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning her or his background, employment and affiliations, including family relationships, our board of directors has determined that none of our directors, other than Dr. Klausner and Ms. Homans, has any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the Nasdaq Listing Rules. Our board of directors has determined that Dr. Klausner and Ms. Homans, by virtue of their positions as our Executive Chairman and Chief Executive Officer, respectively, are not independent under applicable rules and regulations of the U.S. Securities and Exchange Commission (the SEC) and the Nasdaq Listing Rules. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director and the transactions described in the section titled "Certain Relationships and Related Person Transactions."

### **Committees of Our Board of Directors**

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Each committee intends to adopt a written charter that satisfies the application rules and regulation of the SEC and the Nasdaq Listing Rules, which we will post to our website at [www.lyell.com](http://www.lyell.com) upon the closing of this offering. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

#### ***Audit Committee***

Our audit committee currently consists of \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, each of whom our board of directors has determined satisfies the independence requirements under Nasdaq Listing Rules and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (Exchange Act). The chair of our audit committee is \_\_\_\_\_, who our board of directors has determined is an "audit committee financial expert" within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, the board of directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector.

The primary purpose of the audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and financial-statement audits, and to oversee our independent registered accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;

## [Table of Contents](#)

- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing related person transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes our internal quality control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving, or, as permitted, pre-approving, audit and permissible non-audit services to be performed by the independent registered public accounting firm.

### ***Compensation Committee***

Our compensation committee currently consists of Catherine Friedman and Robert Nelsen. The chair of our compensation committee is Catherine Friedman. Our board of directors has determined that each member of our compensation committee is independent under the Nasdaq Listing Rules and as a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

- reviewing and approving the compensation of our chief executive officer, other executive officers and senior management;
- reviewing and recommending to our board of directors the compensation paid to our directors;
- reviewing and approving the compensation arrangements with our executive officers and other senior management;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending and terminating, incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management;
- reviewing, evaluating and recommending to our board of directors succession plans for our executive officers; and
- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation strategy, including base salary, incentive compensation and equity-based grants, to assure that it promotes stockholder interests and supports our strategic and tactical objectives, and that it provides for appropriate rewards and incentives for our management and employees.

### ***Nominating and Corporate Governance Committee***

Our nominating and corporate governance committee consists of William Rieflin and Catherine Friedman. The chair of our nominating and corporate governance committee is William Rieflin. Our board of directors has determined that each member of the nominating and corporate governance committee is independent under the Nasdaq Listing Rules, a non-employee director, and free from any relationship that would interfere with the exercise of his or her independent judgment.

Specific responsibilities of our nominating and corporate governance committee include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;

## [Table of Contents](#)

- considering and making recommendations to our board of directors regarding the composition and chairmanship of the committees of our board of directors;
- instituting plans or programs for the continuing education of our board of directors and orientation of new directors;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters; and
- overseeing periodic evaluations of the board of directors' performance, including committees of the board of directors and management.

### Code of Business Conduct and Ethics

In connection with this offering, we intend to adopt a written Code of Business Conduct and Ethics that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Business Conduct and Ethics will be posted on our website at [www.lyell.com](http://www.lyell.com). We intend to disclose on our website any future amendments of our Code of Business Conduct and Ethics or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Business Conduct and Ethics. Information contained on, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only an inactive textual reference.

### Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently, or has been at any time, one of our executive officers or employees. None of our executive officers currently serves, or has served during the last calendar year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

### Non-Employee Director Compensation

During the year ended December 31, 2020, each of the following individuals served on our board of directors as non-employee directors: Hans Bishop, Catherine Friedman, Robert Nelsen and William Rieflin.

The following table presents all of the compensation awarded to or earned by or paid to our named non-employee directors during the fiscal year ended December 31, 2020.

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Option Awards (\$)<sup>(1)</sup></u>	<u>Total (\$)</u>
Hans Bishop	—	—	—
Catherine Friedman	125,842	\$2,363,999 <sup>(2)</sup>	\$2,489,841
Robert Nelsen	—	—	—
William Rieflin <sup>(3)</sup>	30,935	\$1,479,796 <sup>(4)</sup>	\$1,510,731

<sup>(1)</sup> All of the option awards were granted under the 2018 Plan, the terms of which plan are described below under "Executive Compensation—Equity Benefit Plans—2018 Equity Incentive Plan." The amounts shown represent the grant date fair values of option awards granted in 2020 as computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 718. See Note 12, *Stock-Based Compensation*, to our consolidated financial statements included elsewhere in this prospectus for a discussion of the assumption used in the calculation. As of



## Table of Contents

December 31, 2020, Mr. Bishop, Ms. Friedman and Mr. Rieflin held options to purchase 1,163,038, 650,000 and 400,000 shares of common stock, respectively. As of December 31, 2020, Mr. Bishop and Ms. Friedman held 1,250,000 and 41,667 shares of common stock, respectively, that were subject to a right of repurchase in favor of the company at \$0.0001 per share that becomes exercisable in the event the non-employee director terminates service with the company for any reason. No other non-employee director held any option or stock awards as of December 31, 2020.

- (2) In accordance with our non-employee director compensation policy, Ms. Friedman was granted the option to purchase 400,000 shares of common stock on May 19, 2020. Ms. Friedman was also granted the option to purchase 250,000 shares of common stock on December 17, 2020 in connection with her services as a director and the chair of the compensation committee. Each grant vests monthly over three years.
- (3) Mr. Rieflin was appointed to our board of directors effective as of May 19, 2020.
- (4) In accordance with our non-employee director compensation policy, Mr. Rieflin was granted the option to purchase 400,000 shares of common stock on May 19, 2020 which vests monthly over three years.

Mr. Bishop and Mr. Nelsen were not compensated for their service on our board of directors during the year ended December 31, 2020. Ms. Homans and Dr. Klausner each also served on our board of directors during the year ended December 31, 2020, but neither received any additional compensation for their service as a director. See the section titled "Executive Compensation" for more information regarding the compensation earned by Ms. Homans and Dr. Klausner.

We have reimbursed and will continue to reimburse all of our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

In November 2019, our board of directors adopted our Director Compensation Policy for our nonemployee directors (the Policy). We intend to adopt an amended and restated form of the Policy, to be effective in connection with the consummation of this offering (the Amended Policy). The Policy provides, and the Amended Policy will provide, that our non-employee directors will receive the following compensation for service on our board of directors:

- an annual cash retainer of \$50,000 (or \$ \_\_\_\_\_ in the case of the Amended Policy) for all non-employee directors other than the lead director/chair of our board of directors;
- an annual cash retainer of \$10,000 (or \$ \_\_\_\_\_ in the case of the Amended Policy) for the chair of our board of directors (in addition to the annual cash retainer above);
- an additional annual cash retainer of \$7,500, \$5,000 and \$2,500 (or \$ \_\_\_\_\_, \$ \_\_\_\_\_ and \$ \_\_\_\_\_ in the case of the Amended Policy) or service as chair of the audit committee, compensation committee and the nominating and corporate governance committee, respectively (other than for the chair of any such committee);
- an additional annual cash retainer of \$3,500, \$2,500 and \$1,500 (or \$ \_\_\_\_\_, \$ \_\_\_\_\_ and \$ \_\_\_\_\_ in the case of the Amended Policy) for service as a member of the audit committee, compensation committee and the nominating and corporate governance committee, respectively; and
- an appointment option grant, for new non-employee directors, to purchase 400,000 shares of our common stock (or \_\_\_\_\_ shares of our common stock in the case of our Amended Policy), vesting in 36 equal monthly installments measured from the date the non-employee director is first elected to our board of directors, subject to the non-employee director's continued service on each applicable vesting date.

Each appointment option grant and annual option grant was or will be granted under our 2018 Plan (or following the completion of this offering, under our 2021 Plan) and our then current standard form of option agreement under such plan. These options have or will have a maximum term of 10 years from their grant date and a per share exercise price equal to at least 100% of the fair market value of a share of our common stock on the option's grant date. In the event of our acquisition (as defined in our 2018 Plan) or change in control (as defined in our 2021 Plan), each non employee

---

[Table of Contents](#)

director's then-outstanding equity awards granted under the Policy (in the case of an acquisition) or the Amended Policy (in the case of a change in control) will become fully vested immediately prior to the closing of the acquisition or change in control, as applicable, provided that he or she remains in continuous service until immediately prior to the closing of the acquisition or change in control, as applicable.

## EXECUTIVE COMPENSATION

Our named executive officers for the year ended December 31, 2020 were:

- Richard Klausner, M.D., our Executive Chairman and former Chief Executive Officer;
- Elizabeth Homans, our Chief Executive Officer;
- Stephen Hill, our Chief Technical Operations Officer; and
- Heather Turner, our Chief General Counsel.

### Summary Compensation Table

The following table presents all of the compensation awarded to or earned by or paid to our named executive officers during the fiscal year ended December 31, 2020.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Richard Klausner, M.D. <i>Executive Chairman and former Chief Executive Officer</i> (5)	2020	427,147	738,712	20,799,288(6)	16,618,943(6)	261,288	6,858	38,852,236
Elizabeth Homans <i>Chief Executive Officer</i>	2020	493,981	327,250	—	17,730,122(7)	309,000	8,922	18,869,275
Stephen Hill <i>Chief Technical Operations Officer</i>	2020	441,343	54,984	—	2,139,150	219,938	6,317	2,861,732
Heather Turner <i>Chief General Counsel</i>	2020	441,343	254,984	—	2,526,150	219,938	810	3,443,225

- (1) The amounts shown represent discretionary bonuses earned by Dr. Klausner, Ms. Homans, Mr. Hill and Ms. Turner as recognition of accomplishing certain other achievements.
- (2) Except as otherwise noted, the amounts shown represent the grant date fair values of option awards granted in 2020 as computed in accordance with FASB ASC Topic 718. See Note 12, *Stock-Based Compensation*, to our consolidated financial statements included elsewhere in this prospectus for a discussion of the assumption used in the calculation. All of the option awards were granted under the 2018 Plan, the terms of which plan are described below under “—Equity Benefit Plans—2018 Equity Incentive Plan.”
- (3) The amounts shown represent the annual performance-based cash bonus earned by our named executive officers based on the achievement of certain corporate performance objectives during 2020 as described further under the subsection titled “—Narrative to Summary Compensation Table—Bonus Compensation.” These amounts were paid in early 2021.
- (4) The amounts shown represent: (i) for Dr. Klausner, \$6,858 of life insurance premiums paid by us on his behalf, including \$2,143 for associated taxes (ii) for Ms. Homans, \$2,322 of life insurance premiums paid by us on her behalf, including \$315 for associated taxes and \$6,600 paid as reimbursement for certain legal fees, including \$1,600 for associated taxes; (iii) for Mr. Hill, \$1,242 of life insurance premiums paid by us on his behalf, including \$91 for associated taxes and \$5,075 paid as reimbursement for certain relocation expenses, including \$1,236 for associated taxes; and (iv) for Ms. Turner, \$810 of life insurance premiums paid by us on her behalf, including \$19 for associated taxes.
- (5) Dr. Klausner ceased serving as our Chief Executive Officer when Ms. Homans was appointed our Chief Executive Officer in August 2020. Dr. Klausner continues to be employed as our Executive Chairman.
- (6) The amounts shown also include the incremental fair value of stock award and option award modifications deemed to have occurred based on the continued vesting of Dr. Klausner’s restricted stock and option awards following his transition from Chief Executive Officer to Executive Chairman in 2020, calculated in accordance with FASB ASC Topic 718. See Note 12, *Stock-Based Compensation*, to our consolidated financial statements included elsewhere in this prospectus for a discussion of the assumption used in the calculation.
- (7) The amount shown also includes the incremental fair value of option awards modified to provide for service-based vesting as described further under the section titled “—Offer Letters”, calculated in accordance with FASB ASC Topic 718. See Note 12, *Stock-Based Compensation*, to our consolidated financial statements included elsewhere in this prospectus for a discussion of the assumption used in the calculation.

## **Narrative to the Summary Compensation Table**

Our board of directors or our compensation committee reviews compensation annually for all employees, including our named executive officers. In making compensation determinations, we consider compensation for comparable positions in the market, the historical compensation levels of our executives, individual performance as compared to our expectations and objectives, our desire to motivate our employees to achieve short- and long-term results that are in the best interests of our stockholders and a long-term commitment to our company.

Our board of directors or our compensation committee has historically determined our executive officers' compensation and has typically reviewed and discussed management's proposed compensation with our chief executive officer for all executives other than our chief executive officer. Based on those discussions and its discretion, our board of directors or our compensation committee then approved the compensation of each executive officer. Upon the closing of this offering, the compensation committee will determine our executive officers' compensation and follow this process, but generally the compensation committee itself, rather than our board of directors, will approve the compensation of each executive officer.

### ***Annual Base Salary***

Base salaries for our executive officers are initially established through arm's-length negotiations at the time of the executive officer's hiring, taking into account such executive officer's qualifications, experience, the scope of his or her responsibilities and competitive market compensation paid by other companies for similar positions within the industry and geography. Base salaries are reviewed periodically, typically in connection with our annual review process, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience. In making decisions regarding salary increases, we may also draw upon the experience of members of our board of directors with executives at other companies. The 2020 base salaries for our named executive officers are reflected in the table above, as adjusted throughout the year, except for Dr. Klausner, whose annual base salary was reduced to \$275,000 when he ceased serving as our Chief Executive Officer and Ms. Homans, whose annual base salary was increased to \$515,000 when she began serving as our Chief Executive Officer.

### ***Bonus Compensation***

Our executive officers are eligible earn an annual incentive bonus of up to a percentage of his or her annual base salary, with such percentage set forth in his or her respective offer letter, based on the achievement of performance objectives to be determined by our board of directors. Additionally, from time to time, our board of directors or compensation committee, in its discretion, may approve bonuses for our executive officers based on individual performance, company performance or as otherwise determined to be appropriate.

For 2020, each of our named executive officers was eligible to receive an annual incentive bonus based on the achievement of certain 2020 corporate goals of the company. The target bonus amounts for Dr. Klausner, Ms. Homans, Mr. Hill and Ms. Turner were \$261,288, \$309,000, \$219,938 and \$219,938, respectively. In February 2021, our board of directors assessed company performance against our 2020 corporate goals and based on such performance, awarded a cash annual incentive bonus to each of our named executive officers equal to 100% of his or her target bonus amount for 2020. In addition, in February 2021, our board of directors also assessed additional company achievements in 2020 and based on such assessment awarded each of our named executive officers an additional cash bonus in the amount of \$738,712 for Dr. Klausner, \$77,250 for Ms. Homans, and \$54,984 for each of Mr. Hill and Ms. Turner. All of the bonus amounts described above were paid in early 2021.

**Outstanding Equity Awards as of December 31, 2020**

The following table presents the outstanding equity awards held by each named executive officer as of December 31, 2020.

Name	Grant Date	Option Awards (1)				Stock Awards		
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price Per Share (\$)	Vesting Commencement Date	Option Expiration Date	Number of Shares or Units of Stock not yet Vested (#)(2)	Market Value of Shares or Units not yet Vested \$(3)
Richard Klausner, M.D.	8/6/2018	—	—	—	8/1/2018(6)	—	2,916,667	18,200,002
	11/6/2018	1,526,487(4)	1,187,269(5)	0.10	9/20/2018(6)	11/5/2028	—	—
	8/31/2019	1,655,868(4)	3,019,524(5)	3.65	7/9/2019(7)	8/30/2029	—	—
Elizabeth Homans	1/16/2020	135,416	514,584	3.65	2/1/2020(7)	1/15/2030	—	—
	11/6/2018	1,951,423(4)	1,517,775(5)	0.10	9/17/2018(6)	11/5/2028	—	—
	11/6/2018	361,375(4)	332,465(5)	0.10	11/6/2018(8)	11/5/2028	—	—
	1/16/2020	47,916	182,084	3.65	2/1/2020(7)	1/15/2030	—	—
Heather Turner	7/15/2020	279,358	3,072,942	5.81	8/1/2020(7)	7/14/2030	—	—
	4/23/2019	208,333	291,667	3.65	4/1/2019(6)	4/22/2029	—	—
	1/16/2020	34,375	130,625	3.65	2/1/2020(7)	1/15/2030	—	—
	11/17/2020	—	550,000	5.96	12/1/2020(7)	11/16/2030	—	—
Stephen Hill	7/10/2019	187,500	312,500	3.65	6/19/2019(6)	7/9/2029	—	—
	1/16/2020	34,375	130,625	3.65	2/1/2020(7)	1/15/2030	—	—
	11/17/2020	—	450,000	5.96	12/1/2020(7)	11/16/2030	—	—

- (1) All of the option awards were granted under the 2018 Plan, the terms of which plan are described below under “—Equity Benefit Plans—2018 Equity Incentive Plan.”
- (2) Constitutes restricted shares of common stock that are subject to repurchase at their original purchase price upon a termination of service. The repurchase right lapses over the vesting schedule, subject to continued service to us through the applicable vesting date.
- (3) Amount is calculated by multiplying the number of shares shown in the table by \$6.24, the estimated fair market value per share of our common stock as of December 31, 2020.
- (4) The option is early-exercisable, meaning that it can be exercised before it vests for restricted shares of our common stock subject to the same vesting provisions as the underlying options. Accordingly, the number of shares shown for the option in this column represent the number of shares that were exercisable and vested as of December 31, 2020.
- (5) The option is early-exercisable, meaning that it can be exercised before it vests for restricted shares of our common stock subject to the same vesting provisions as the underlying options. Accordingly, the number of shares shown for the option in this column represent the number of shares that were exercisable and unvested as of December 31, 2020.
- (6) The restricted stock award and options vest as to 25% of the shares or shares initially underlying the option on the first anniversary of the vesting commencement date and as to 1/48<sup>th</sup> of the shares initially underlying the option each month until fully vested on the fourth anniversary of the vesting commencement date, subject to continued service to us through the applicable vesting date.
- (7) Each option vests as to 1/48<sup>th</sup> of the shares initially underlying the option each month until fully vested on the fourth anniversary of the vesting commencement date, subject to continued service to us through the applicable vesting date.
- (8) The option initially vested based on the occurrence of certain milestones. The vesting was subsequently modified in 2020 to vest as to 25% of the shares initially underlying the option on the first anniversary of the vesting commencement date and as to 1/48<sup>th</sup> of the shares initially underlying the option each month until fully vested on the fourth anniversary of the vesting commencement date, subject to continued service to us through the applicable vesting date.

Options held by certain of our named executive officers are eligible for accelerated vesting under specified circumstances. Please see the subsection titled “—Offer Letters” below for a description of such potential acceleration.

We may in the future, on an annual basis or otherwise, grant additional equity awards to our executive officers pursuant to our 2021 Plan, the terms of which are described below under the section titled “—Equity Benefit Plans—2021 Equity Incentive Plan.”

## Emerging Growth Company Status

We are an “emerging growth company,” as defined in the JOBS Act. As an emerging growth company we will be exempt from certain requirements related to executive compensation, including the requirements to hold a nonbinding advisory vote on executive compensation and to provide information relating to the ratio of total compensation of our chief executive officer to the median of the annual total compensation of all of our employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

## Pension Benefits

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by us during the fiscal year ended December 31, 2020.

## Nonqualified Deferred Compensation

Our named executive officers did not participate in, or earn any benefits under, a non-qualified deferred compensation plan sponsored by us during the fiscal year ended December 31, 2020.

## Offer Letters

Below are descriptions of our offer letters with our named executive officers. The offer letters with our executive officers generally provide for at-will employment and set forth the executive officer’s initial base salary, annual target bonus, and eligibility to participate in our employee benefit plans.

*Richard Klausner, M.D.*

In July 2020, we and Dr. Klausner entered into an amended offer of employment that governs the current terms of his employment in connection with his transition from Chief Executive Officer to Executive Chairman. The amended offer of employment provides that Dr. Klausner’s initial annual base salary was \$275,000. Effective March 1, 2021, Dr. Klausner’s annual base salary is \$284,625.

Dr. Klausner is eligible to earn an annual incentive bonus of up to 60% of his base salary, based on the achievement of performance objectives to be determined by our board of directors. The amended offer of employment provides that Dr. Klausner’s annual incentive bonus for 2020 was to be pro-rated based upon his salary and target bonus level provided for immediately before his transition from Chief Executive Officer to Executive Chairman (which salary was \$550,000 and annual target bonus was 60%) and the length of his employment from August 1, 2020 through the end of the 2020 fiscal year, which amount is disclosed in the “Bonus Compensation” and “Non-Equity Incentive Plan Compensation” columns in the “Summary Compensation Table” above.

Dr. Klausner’s amended offer of employment provides for severance payments upon certain qualifying terminations of his employment. In the event of a termination of his employment by us without Cause (as defined below) or resignation for Good Reason (as defined below), Dr. Klausner will receive severance in the form of 18 months of his then-current base salary, with such amount to be paid through our normally scheduled payroll date following the date on which his employment is terminated. Dr. Klausner will also be entitled to a pro-rated target annual incentive bonus for the year in which termination occurs and up to 18 months of COBRA premiums for Dr. Klausner and his dependents paid for by the company. In addition, the company’s repurchase option will lapse with respect to 100% of the shares of common stock previously purchased by Dr. Klausner. Dr. Klausner

## [Table of Contents](#)

will also receive accelerated vesting of his then-outstanding and unvested options which would otherwise become vested solely on the passage of time and his continuous service. These severance benefits are conditioned upon Dr. Klausner executing a general release and waiver of all claims against the company.

“Cause” means (i) executive is indicted for, convicted of, or pleads guilty or nolo contendere to, a felony or crime involving moral turpitude; (ii) executive engages in conduct that constitutes willful gross negligence, willful misconduct, or unsatisfactory performance in carrying out the executive’s duties under the amended offer of employment, and, if curable, such breach remains uncured following fifteen (15) days prior written notice given by the company to the executive specifying such conduct; (iii) executive has breached any covenant or any material provision of any agreement with the company, including among other things, a willful and material breach of written company policy, and, if curable, such breach remains uncured following fifteen (15) days’ prior written notice specifying such breach given by the company to the executive; (iv) executive’s material violation of federal law or state law that the board reasonably determines has had or is reasonably likely to have a material detrimental effect on the company’s reputation or business; or (v) executive’s act of fraud or dishonesty in the performance of the executive’s job duties.

“Good Reason” means (i) that executive, without executive’s express, written consent, has incurred a material reduction in authority, title, duties or responsibilities at the company or a successor employer (with respect to a termination in connection with a change in control, relative to executive’s authority, title, duties or responsibilities immediately prior to the change in control); (ii) that executive, without executive’s express, written consent, has suffered a material breach of the amended offer of employment by the company or a successor employer; (iii) that executive, without executive’s express, written consent, has been required to relocate or travel more than fifty (50) miles from executive’s then current place of employment in order to continue to perform the duties and responsibilities of executive’s position (not including customary travel as may be required by the nature of executive’s position); or (iv) that executive, without executive’s express, written consent, has been directed by the board to violate knowingly and intentionally any material state, federal or foreign law, rule or regulation applicable to the company.

In the event of a Change in Control (as defined below), the repurchase option will lapse with respect to 100% of the shares that Dr. Klausner purchased on August 6, 2018 and all such unvested shares will immediately become fully vested, provided that Dr. Klausner is an employee of the company as of the time of the effective date of such Change in Control. Further, in the event of a Change of Control, all options held by Dr. Klausner shall immediately vest and become exercisable, provided that he is an employee of the company as of the time of the effective date of the Change in Control.

“Change in Control” means any transaction or series of related transactions pursuant to which any individual or entity acquires (i) more than fifty percent (50%) of the issued and outstanding equity securities of the company or (ii) all or substantially all of the assets of the company (in either case, whether by merger, consolidation, sale, exchange, issuance, transfer or redemption of the company’s equity securities by sale, exchange or transfer of the Company’s consolidated assets or otherwise), provided that, where applied to compensation subject to Section 409A, any acceleration of or change in payment shall only apply (if required by Section 409A) if the corporate transaction is also a change in control event described in Treasury Regulation 1.409A-3(i)(5).

### *Elizabeth Homans*

In July 2020, we and Ms. Homans entered into an amended offer of employment that governs the current terms of her employment in connection with her transition to the role of Chief Executive Officer.

## [Table of Contents](#)

The offer letter provides that Ms. Homans' initial annual base salary was \$515,000. Effective as of March 1, 2021, Ms. Homans' annual base salary is \$556,200. Ms. Homans is eligible to earn an annual incentive bonus of up to 60% of her base salary, based on the achievement of performance objectives to be determined by our board of directors. The offer letter provides that Ms. Homans' annual incentive bonus for 2020 was to be pro-rated based upon her salary and target bonus level provided for in her original employment agreement (which salary was \$450,000 and annual target bonus was equal to 50% of her base salary) and the length of her employment from August 1, 2020 through the end of the 2020 fiscal year, which amount is disclosed in the "Bonus" and "Non-Equity Incentive Plan Compensation" columns in the "Summary Compensation Table" above.

Our board of directors previously granted Ms. Homans an option to purchase up to 3,699,198 shares of the company's common stock under the our 2018 Plan and an option to purchase up to 693,840 shares of common stock that vested based on the occurrence of certain milestones, which was later amended in July 2020 by the board so that 25% of the shares subject to the option shall vest on the one-year anniversary of the vesting commencement date, and 1/48th of the total number of shares initially subject to the option shall vest each month thereafter on the same day of the month as the vesting commencement date. Pursuant to the amended offer of employment, Ms. Homans was granted an option to purchase up to 3,352,300 shares of the our common stock. All such awards are reflected in the "Outstanding Equity Awards as of December 31, 2020" table above. If, after twelve months of Ms. Homans' employment in the role of Chief Executive Officer, our board of directors approves a corporate score of at least 90% based upon its review of performance against 2020 corporate goals, and determines that we have made reasonable progress towards achieving our 2021 corporate goals as approved by the board, Ms. Homans will be granted an additional option to bring her total equity ownership in us up to 3.4% of our fully-diluted outstanding shares of equity capital as of the date of the grant. In February 2021, Ms. Homans was granted an option to purchase 583,532 shares of common stock. In August 2020, our board of directors approved the extension of Ms. Homans' post-termination exercise period for all the options granted to Ms. Homans on November 6, 2018 and January 16, 2020.

Ms. Homans' amended offer of employment provides for severance payments upon certain qualifying terminations of her employment. In the event of a termination of her employment by us without Cause (as defined above) or resignation for Good Reason (as defined above), Ms. Homans will receive severance in the form of 18 months of her then-current base salary, with such amount to be paid through our normally scheduled payroll following the date on which her employment is terminated. Ms. Homans will also be entitled to a pro-rated target annual incentive bonus for the year in which termination occurs and up to 18 months of COBRA premiums for Ms. Homans and her dependents paid for by the company. These severance benefits are conditioned upon Ms. Homans executing a general release and waiver of all claims against the company. Additionally, Ms. Homans' amended offer letter provides that in the event of certain qualifying terminations, the post-termination exercise period applicable to certain of Ms. Homans' options will be extended.

In the event of a Change in Control (as defined above), Ms. Homans will also receive accelerated vesting of 100% of her then-outstanding and unvested options which would otherwise become vested solely on the passage of time and her continuous service, provided that Ms. Homans is an employee of the company as of the effective date of such Change in Control.

### *Stephen Hill*

In May 2019, we and Mr. Hill entered into an offer letter governing the terms of his employment. The offer letter provides that Mr. Hill's initial annual base salary was \$425,000. Effective March 1, 2021, Mr. Hill's annual base salary is \$455,271. Mr. Hill is eligible to earn an annual incentive bonus of up to 50% of his base salary, based on the achievement of performance objectives to be determined



## [Table of Contents](#)

by our board of directors. In 2019, Mr. Hill also received an advance signing bonus of \$300,000, which will be considered earned in May 2022 following the completion of three years continuous service with the company. Mr. Hill received relocation reimbursement of \$100,000, 50% of which is subject to clawback by the company under certain circumstances. The company granted Mr. Hill a stock option to purchase up to 500,000 shares of the company's common stock under our 2018 Plan, which award is reflected in the "Outstanding Equity Awards as of December 31, 2020" table above.

Mr. Hill's offer letter provides for severance payments upon certain qualifying terminations of his employment. In the event of a termination of his employment by us without Cause (as defined above) or resignation for Good Reason (as defined immediately below), Mr. Hill will receive severance in the form of 12 months of his then-current base salary, such amount to be paid through our normally scheduled payroll date following the date on which his employment is terminated, and up to 12 months of COBRA premiums paid for by the company. These severance benefits are conditioned upon Mr. Hill executing a general release and waiver of all claims against the company.

For the purposes of Mr. Hill's offer letter, the following definition of "Good Reason," as set forth in his offer letter, applies:

"Good Reason" means (i) that executive, without executive's express, written consent, has incurred a material reduction in authority, title, duties or responsibilities at the company or a successor employer (with respect to a termination in connection with a change in control, relative to executive's authority, title, duties or responsibilities immediately prior to the change in control); (ii) that executive, without executive's express, written consent, has suffered a material breach of the offer of employment by the company or a successor employer; (iii) that executive, without executive's express, written consent, has been required to relocate or travel more than fifty (50) miles from executive's then current place of employment in order to continue to perform the duties and responsibilities of executive's position (not including customary travel as may be required by the nature of executive's position); (iv) that executive, without executive's express, written consent, has incurred a material reduction of work space designed to cause executive to resign, other than a reduction in work space generally applicable to all senior executives of the Company; or (v) that executive, without executive's express, written consent, has been directed by the board to violate knowingly and intentionally any material state, federal or foreign law, rule or regulation applicable to the company.

If Mr. Hill's employment is terminated by us without Cause, or Mr. Hill resigns for Good Reason, in each case within twelve (12) months after a Change in Control (as defined below), 100% of the then unvested shares subject to the option to purchase 500,000 shares granted to him on July 10, 2019 shall immediately vest. "Change in control" means any transaction or series of related transactions pursuant to which any individual or entity acquires (i) more than fifty percent (50%) of the issued and outstanding equity securities of the company or (ii) all or substantially all of the assets of the company (in either case, whether by merger, consolidation, sale, exchange, issuance, transfer or redemption of the company's equity securities by sale, exchange or transfer of the company's consolidated assets or otherwise).

### *Heather Turner*

In February 2019, we and Ms. Turner entered into an offer letter governing the terms of her employment. The offer letter provides that Ms. Turner's initial annual base salary was \$420,000. Effective as of March 1, 2021, Ms. Turner's annual base salary is \$455,271. Ms. Turner is eligible to earn an annual incentive bonus of up to 50% of her base salary, based on the achievement of performance objectives to be determined by our board of directors. The company granted Ms. Turner a stock option to purchase up to 500,000 shares of the company's common stock under our 2018 Plan, which award is reflected in the "Outstanding Equity Awards as of December 31, 2020" table above.

## [Table of Contents](#)

Ms. Turner's offer letter provides for severance payments upon certain qualifying terminations of her employment. In the event of a termination of her employment by us without Cause (as defined above) or resignation for Good Reason (as defined above), Ms. Turner will receive severance in the form of 12 months of her then-current base salary, such amount to be paid through our normally scheduled payroll date following the date on which her employment is terminated, and up to 12 months of COBRA premiums paid for by the company. These severance benefits are conditioned upon Ms. Turner executing a general release and waiver of all claims against the company.

### **Potential Payments and Benefits upon Termination or Change in Control**

The offer letters we have entered into with our named executive officers provide for severance and/or change in control benefits as described above under "—Offer Letters."

### **Other Compensation and Benefits**

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental and vision plans, in each case on the same basis as all of our other employees. We pay the premiums for the medical, disability, and accidental death and dismemberment insurance for all of our employees, including our named executive officers. We generally do not provide perquisites or personal benefits to our named executive officers.

### **401(k) Plan**

Our named executive officers are eligible to participate in our defined contribution retirement plan that provides eligible employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees may elect to defer up to % of their eligible compensation into the plan on a pretax or after tax basis, up to annual limits prescribed by the Code.

### **Equity Benefit Plans**

We believe that our ability to grant equity-based awards is a valuable and necessary compensation tool that aligns the long-term financial interests of our employees, consultants and directors with the financial interests of our stockholders. In addition, we believe that our ability to grant options and other equity-based awards helps us to attract, retain and motivate employees, consultants and directors, and encourages them to devote their best efforts to our business and financial success. The principal features of our equity incentive plans are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans, which are filed as exhibits to the registration statement of which this prospectus forms a part.

#### **2021 Equity Incentive Plan**

In , our board of directors adopted, and our stockholders approved, our 2021 Plan. We expect our 2021 Plan will become effective on the date of the underwriting agreement related to this offering. Our 2021 Plan came into existence upon its adoption by our board of directors, but no grants will be made under our 2021 Plan prior to its effectiveness. Once our 2021 Plan becomes effective, no further grants will be made under our 2018 Plan.

**Awards.** Our 2021 Plan provides for the grant of incentive stock options (ISOs) within the meaning of Section 422 of the Code, to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options (NSOs), stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other forms of awards to our employees, directors and consultants and any of our affiliates' employees and consultants.

**Authorized Shares.** Initially, the maximum number of shares of our common stock that may be issued under our 2021 Plan after it becomes effective will not exceed \_\_\_\_\_ shares of our common stock, which is the sum of (i) \_\_\_\_\_ new shares, plus (ii) an additional number of shares not to exceed \_\_\_\_\_ shares, consisting of (a) shares that remain available for the issuance of awards under our 2018 Plan as of immediately prior to the time our 2021 Plan becomes effective and (b) any shares of our common stock subject to outstanding stock options or other stock awards granted under our 2018 Plan that, on or after our 2021 Plan becomes effective, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. In addition, the number of shares of our common stock reserved for issuance under our 2021 Plan will automatically increase on January 1 of each year for a period of ten years, beginning on January 1, 2022 and continuing through January 1, 2031, in an amount equal to (1) \_\_\_\_\_ % of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year, or (2) a lesser number of shares determined by our board of directors no later than December 31 of the immediately preceding year. The maximum number of shares of our common stock that may be issued on the exercise of ISOs under our 2021 Plan is \_\_\_\_\_ shares.

Shares subject to stock awards granted under our 2021 Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares will not reduce the number of shares available for issuance under our 2021 Plan. Shares withheld under a stock award to satisfy the exercise, strike or purchase price of a stock award or to satisfy a tax withholding obligation will not reduce the number of shares available for issuance under our 2021 Plan. If any shares of our common stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us (i) because of a failure to meet a contingency or condition required for the vesting of such shares; (ii) to satisfy the exercise, strike or purchase price of a stock award; or (iii) to satisfy a tax withholding obligation in connection with a stock award, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under our 2021 Plan.

**Plan Administration.** Our board of directors, or a duly authorized committee of our board of directors, administers our 2021 Plan. Our board of directors may delegate to one or more of our officers the authority to (i) designate employees (other than officers) to receive specified stock awards; and (ii) determine the number of shares subject to such stock awards. Under our 2021 Plan, our board of directors has the authority to determine stock award recipients, the types of stock awards to be granted, grant dates, the number of shares subject to each stock award, the fair market value of our common stock, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

Under our 2021 Plan, our board of directors also generally has the authority to effect, with the consent of any materially adversely affected participant, (i) the reduction of the exercise, purchase, or strike price of any outstanding option or stock appreciation right; (ii) the cancellation of any outstanding option or stock appreciation right and the grant in substitution therefore of other awards, cash, or other consideration; or (iii) any other action that is treated as a repricing under generally accepted accounting principles.

**Stock Options.** ISOs and NSOs are granted under stock option agreements adopted by the administrator. The administrator determines the exercise price for stock options, within the terms and conditions of our 2021 Plan, except the exercise price of a stock option generally will not be less than 100% of the fair market value of our common stock on the date of grant. Options granted under our 2021 Plan will vest at the rate specified in the stock option agreement as determined by the administrator.

The administrator determines the term of stock options granted under our 2021 Plan, up to a maximum of 10 years. Unless the terms of an optionholder's stock option agreement, or other written

agreement between us and the optionholder, provide otherwise, if an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the administrator and may include (i) cash, check, bank draft or money order; (ii) a broker-assisted cashless exercise; (iii) the tender of shares of our common stock previously owned by the optionholder; (iv) a net exercise of the option if it is an NSO; or (v) other legal consideration approved by the administrator.

Unless the administrator provides otherwise, options generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the administrator or a duly authorized officer, an option may be transferred pursuant to a domestic relations order, official marital settlement agreement, or other divorce or separation instrument.

**Tax Limitations on ISOs.** The aggregate fair market value, determined at the time of grant, of our common stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year under all of our stock plans may not exceed \$100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant; and (ii) the term of the ISO does not exceed five years from the date of grant.

**Restricted Stock Unit Awards.** Restricted stock unit awards are granted under restricted stock unit award agreements adopted by the administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, or other written agreement between us and the recipient, restricted stock unit awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

**Restricted Stock Awards.** Restricted stock awards are granted under restricted stock award agreements adopted by the administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, past or future services to us, or any other form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. The administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

**Stock Appreciation Rights.** Stock appreciation rights are granted under stock appreciation right agreements adopted by the administrator. The administrator determines the purchase price or strike price for a stock appreciation right, which generally will not be less than 100% of the fair market value of our common stock on the date of grant. A stock appreciation right granted under our 2021 Plan will vest at the rate specified in the stock appreciation right agreement as determined by the administrator. Stock appreciation rights may be settled in cash or shares of our common stock or in any other form of payment as determined by our board of directors and specified in the stock appreciation right agreement.

The administrator determines the term of stock appreciation rights granted under our 2021 Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate upon the termination date. In no event may a stock appreciation right be exercised beyond the expiration of its term.

**Performance Awards.** Our 2021 Plan permits the grant of performance awards that may be settled in stock, cash or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, our common stock.

The performance goals may be based on any measure of performance selected by our board of directors. The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by our board of directors at the time the performance award is granted, our board will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (i) to exclude restructuring or other nonrecurring charges; (ii) to exclude exchange rate effects; (iii) to exclude the effects of changes to generally accepted accounting principles; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; (v) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (vi) to exclude the dilutive effects of acquisitions or joint ventures; (vii) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (viii) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (ix) to exclude the effects of stock-based compensation and the award of bonuses under our bonus plans; (x) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (xi) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles.

**Other Stock Awards.** The administrator may grant other awards based in whole or in part by reference to our common stock. The administrator will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

**Non-Employee Director Compensation Limit.** The aggregate value of all compensation granted or paid to any non-employee director with respect to any fiscal year, including awards granted and cash fees paid by us to such non-employee director, will not exceed \$ \_\_\_\_\_ in total value, except such amount will increase to \$ \_\_\_\_\_ for the first year for newly appointed or elected non-employee directors.

**Changes to Capital Structure.** In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (i) the class and maximum number of shares reserved for issuance under our 2021 Plan, (ii) the class and maximum number of shares by which the share reserve may increase automatically each year, (iii) the class and maximum number of shares that may be issued on the exercise of ISOs and (iv) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

**Corporate Transactions.** In the event of a corporate transaction (as defined in the 2021 Plan), unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the administrator at the time of grant, any stock awards outstanding under our 2021 Plan may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by us with respect to the stock award may be assigned to the successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then (i) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full (or, in the case of performance awards with multiple vesting levels depending on the level of performance, vesting will accelerate at 100% of the target level) to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction); and (ii) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the value of the property the participant would have received upon the exercise of the stock award, over (ii) any per share exercise price payable by such holder, if applicable. In addition, any escrow, holdback, earn out or similar provisions in the definitive agreement for the corporate transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of our common stock.

**Change in Control.** Stock awards granted under our 2021 Plan may be subject to acceleration of vesting and exercisability upon or after a change in control (as defined in the 2021 Plan) as may be provided in the applicable stock award agreement or in any other written agreement between us or any affiliate and the participant, but in the absence of such provision, no such acceleration will automatically occur.

**Plan Amendment or Termination.** Our board of directors has the authority to amend, suspend, or terminate our 2021 Plan at any time, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopted our 2021 Plan. No stock awards may be granted under our 2021 Plan while it is suspended or after it is terminated.

### **2021 Employee Stock Purchase Plan**

In \_\_\_\_\_, our board of directors adopted, and our stockholders approved, our ESPP. Our ESPP will become effective immediately prior to and contingent upon the execution of the underwriting agreement related to this offering. The purpose of our ESPP is to secure the services of new employees, to retain the services of existing employees, and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. Our ESPP includes two components. One component is designed to allow eligible U.S. employees to purchase our common stock in a manner that may qualify for favorable tax treatment under Section 423 of the Code. The other component permits the grant of purchase rights that do not qualify for such favorable tax treatment in order to allow deviations necessary to permit participation by eligible employees who are foreign nationals or employed outside of the United States while complying with applicable foreign laws.

**Share Reserve.** Our ESPP authorizes the issuance of \_\_\_\_\_ shares of our common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our common stock reserved for issuance will automatically increase on January 1 of each year for a period of ten years, beginning on January 1, 2022 and continuing through January 1, 2031, by the lesser of (i) \_\_\_\_\_ % of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year; and (ii) \_\_\_\_\_ shares, except before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii).

**Administration.** Our board of directors, or a duly authorized committee of our board of directors, administers our ESPP. Our ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our common stock on specified dates during such offerings. Under our ESPP, our board of directors may specify offerings with durations of not more than 27 months and to specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our common stock will be purchased for employees participating in the offering. Our ESPP provides that an offering may be terminated under certain circumstances.

**Payroll Deductions.** Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in our ESPP and to contribute, normally through payroll deductions, up to 15% of their earnings (as defined in our ESPP) for the purchase of our common stock under our ESPP. Unless otherwise determined by our board of directors, common stock will be purchased for the accounts of employees participating in our ESPP at a price per share that is not less than the lesser of (i) 85% of the fair market value of a share of our common stock on the first day of an offering; or (ii) 85% of the fair market value of a share of our common stock on the date of purchase.

**Limitations.** Employees may have to satisfy one or more of the following service requirements before participating in our ESPP, as determined by our board of directors: (i) being customarily employed for more than 20 hours per week; (ii) being customarily employed for more than five months per calendar year; or (iii) continuous employment with us or one of our affiliates for a period of time (not

to exceed two years). No employee may purchase shares under our ESPP at a rate in excess of \$25,000 worth of our common stock (based on the fair market value per share of our common stock at the beginning of an offering) for each calendar year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under our ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value under Section 424(d) of the Code.

**Changes to Capital Structure.** Our ESPP provides that in the event there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or similar transaction, our board of directors will make appropriate adjustments to: (i) the class(es) and maximum number of shares reserved under our ESPP; (ii) the class(es) and maximum number of shares by which the share reserve may increase automatically each year; (iii) the class(es) and number of shares subject to, and purchase price applicable to, outstanding offerings and purchase rights; and (iv) the class(es) and number of shares that are subject to purchase limits under ongoing offerings.

**Corporate Transactions.** Our ESPP provides that in the event of a corporate transaction (as defined in the ESPP), any then-outstanding rights to purchase our common stock under our ESPP may be assumed, continued, or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue, or substitute for such purchase rights, then the participants' accumulated payroll contributions will be used to purchase shares of our common stock within 10 business days before such corporate transaction, and such purchase rights will terminate immediately after such purchase.

**Plan Amendment or Termination.** Our board of directors has the authority to amend or terminate our ESPP, except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

### **2018 Equity Incentive Plan**

Our board of directors adopted, and our stockholders approved, the 2018 Plan in August 2018. The 2018 Plan was most recently amended in January 2021. The 2018 Plan will be terminated on the date the 2021 Plan becomes effective, and thereafter no further stock awards will be granted under the 2018 Plan. However, any outstanding stock awards granted under the 2018 Plan will remain outstanding, subject to the terms of our 2018 Plan and award agreements, until such outstanding options are exercised or until any stock awards terminate or expire by their terms.

**Awards.** Our 2018 Plan provides for the grant of ISOs, NSOs, restricted stock units, stock appreciation rights and restricted stock awards. ISOs may only be granted to our employees, including employees of any parent or subsidiary. All other stock awards may be granted to our employees, directors and consultants, including employees and consultants of any parent or subsidiary.

**Authorized Shares.** As of December 31, 2020, options to purchase 34,413,889 shares of our common stock were outstanding, and 5,808,847 shares of our common stock remained available for future issuance under our 2018 Plan. The options outstanding as of December 31, 2020 had a weighted-average exercise price of \$3.33 per share. Subject to capitalization adjustments, the maximum aggregate number of shares of our common stock that may be issued under the 2018 Plan is 47,044,980 shares, and the maximum number of shares issuable pursuant to ISOs is 94,089,960 shares.



## [Table of Contents](#)

**Plan Administration.** Our board or a duly authorized committee of our board administers our 2018 Plan and the awards granted under it. Under our 2018 Plan, the administrator has the authority to, among other things, determine who will be granted stock awards, to determine the terms and conditions of each stock award (including the number of shares subject to the stock award, when the stock award will vest and, as applicable, become exercisable), to accelerate the time(s) at which a stock award may vest or be exercised, and to construe and interpret the terms of our 2018 Plan and stock awards granted thereunder.

**Options.** Options granted under our 2018 Plan have terms substantially similar to options that may be granted under our 2021 Plan once it becomes effective.

**Changes to Capital Structure.** In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, proportionate adjustments will be made to (i) the class and maximum number of shares reserved for issuance under our 2018 Plan, and (ii) the class and number of shares and exercise price or purchase price, if applicable, of all outstanding stock awards.

**Corporate Transactions.** Our 2018 Plan provides that in the event of an acquisition or other combination (such terms as defined under our 2018 Plan), stock awards outstanding under our 2018 Plan will be treated as provided in the agreement evidencing such acquisition or other combination, which may provide for one or more of the following: (i) continuation of outstanding stock awards, if we are the successor entity; (ii) assumption or substitution of outstanding stock awards by the successor or acquiring entity in accordance with the terms of the 2018 Plan; (iii) the full or partial exercisability or vesting and accelerated expiration of outstanding stock awards; (iv) the settlement of the fair market value of such stock awards (whether or not then vested or exercisable) in cash, cash equivalents, or securities of the successor entity (or its parent if any) (or the cancellation without consideration of any awards without value); or (v) the termination of outstanding stock awards, without the payment of any consideration that are not exercised upon or prior to the acquisition or other combination within such time specified by the administrator. Immediately following an acquisition or other combination, outstanding stock awards will terminate and cease to be outstanding, except to the extent such stock awards, have been continued, assumed or substituted, as described above.

**Plan Amendment or Termination.** Our board has the authority to terminate or amend our 2018 Plan at any time, except any amendment of our 2018 Plan will be subject to stockholder approval if required by applicable law. The termination or amendment of our 2018 Plan will not affect any share previously issued or any stock award previously granted under our 2018 Plan. As described above, our 2018 Plan will be terminated upon the effective date of the 2021 Plan and no future awards will be granted under the 2018 Plan following such termination.

### **Limitations on Liability and Indemnification**

Our amended and restated certificate of incorporation, which will become effective immediately after the closing of this offering, will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

## [Table of Contents](#)

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee, or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding.

We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

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

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

### **Rule 10b5-1 Plans**

Our directors, officers and key employees may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades under parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they do not possess of material nonpublic information, subject to compliance with the terms of our insider trading policy. During the first 180 days from this offering, the sale of any shares under such plan would be subject to the lock-up agreement that the director or officer has entered into with the underwriters.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The following includes a summary of transactions since our inception and any currently proposed transactions to which we have been or are to be a party in which the amount involved exceeded or will exceed \$120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described under the section titled "Executive Compensation." We also describe below certain other transactions with our directors, executive officers and stockholders.

### Convertible Note

In August 2018, we issued and sold a convertible promissory note to ARCH Venture Partners which converted into shares of Series A convertible preferred stock in connection with the Series A convertible preferred stock financing described below.

### Series A Convertible Preferred Stock Financing

In multiple closings held between September 2018 and February 2019, we issued and sold an aggregate of 97,933,475 shares of our Series A convertible preferred stock at a purchase price of \$1.8288 per share for an aggregate purchase price of \$179,100,739.08.

The following table summarizes the Series A convertible preferred stock purchased by holders of more than 5% of our capital stock and entities affiliated with our executive officers and members of our board of directors.

Participants <sup>(1)</sup>	Shares of Series A Convertible Preferred Stock Purchased (#)	Aggregate Purchase Price (\$)
Entities affiliated with ARCH Venture Partners <sup>(2)</sup>	35,542,432	64,999,999.66
Foresite Capital Fund IV, L.P.	10,936,132	19,999,998.21
Gemini Investments, L.P.	410,104	749,998.20
Lyell Investors, LLC <sup>(3)</sup>	3,765,842	6,886,971.85

(1) Additional details regarding these stockholders and their equity holdings are included in this prospectus under the section titled "Principal Stockholders."

(2) Messrs. Nelsen and Bishop, members of our board of directors, were designated to our board by ARCH Venture Partners. Consists of (i) 17,771,216 shares of Series A Convertible Preferred Stock issued to ARCH Venture Fund IX, L.P. and (ii) 17,771,216 shares of Series A Convertible Preferred Stock issued to ARCH Venture Fund IX Overage, L.P.

(3) Dr. Klausner and Ms. Friedman are members of our board of directors and a manager and member of Lyell Investors, LLC, respectively.

### Series B Convertible Preferred Stock Financing

In multiple closings held between March 2019 and May 2019, we issued and sold an aggregate of 23,929,531 shares of our Series B convertible preferred stock at a purchase price of \$6.776145 per share for an aggregate purchase price of \$162,149,971.88.

The following table summarizes the Series B convertible preferred stock purchased by holders of more than 5% of our capital stock and entities affiliated with our executive officers and members of our board of directors.

## [Table of Contents](#)

<u>Participants<sup>(1)</sup></u>	<u>Shares of Series B Convertible Preferred Stock Purchased (#)</u>	<u>Aggregate Purchase Price (\$)</u>
Foresite Capital Fund IV, L.P.	1,475,765	9,999,997.63
Gemini Investments, L.P.	14,757,653	99,999,996.59

(1) Additional details regarding these stockholders and their equity holdings are included in this prospectus under the section titled "Principal Stockholders."

### Series AA Convertible Preferred Stock Financing

In July 2019, we issued and sold an aggregate of 30,253,189 shares of our Series AA convertible preferred stock at a purchase price of \$6.776145 per share for an aggregate purchase price of \$204,999,995.38.

The following table summarizes the Series AA convertible preferred stock purchased by holders of more than 5% of our capital stock and entities affiliated with our executive officers and members of our board of directors.

<u>Participants<sup>(1)</sup></u>	<u>Shares of Series AA Convertible Preferred Stock Purchased (#)</u>	<u>Aggregate Purchase Price (\$)</u>
Glaxo Group Limited	30,253,189	204,999,995.38

(1) Additional details regarding this stockholder and its equity holdings are included in this prospectus under the section titled "Principal Stockholders."

### Series C Convertible Preferred Stock Financing

In March 2020, we issued and sold an aggregate of 42,905,042 shares of our Series C convertible preferred stock at a purchase price of \$11.49049 per share for an aggregate purchase price of \$492,999,956.08.

The following table summarizes the Series C convertible preferred stock purchased by holders of more than 5% of our capital stock and entities affiliated with our executive officers and members of our board of directors.

<u>Participants<sup>(1)</sup></u>	<u>Shares of Series C Convertible Preferred Stock Purchased (#)</u>	<u>Aggregate Purchase Price (\$)</u>
Entities affiliated with ARCH Venture Partners <sup>(2)</sup>	870,284	9,999,989.60
Foresite Capital Fund IV, L.P.	870,284	9,999,989.60
Milky Way Investments Group Limited	17,405,698	199,999,998.82

(1) Additional details regarding these stockholders and their equity holdings are included in this prospectus under the section titled "Principal Stockholders."

## [Table of Contents](#)

- (2) Messrs. Nelsen and Bishop, members of our board of directors, were designated to our board by ARCH Venture Partners. Consists of (i) 435,142 shares of Series C Convertible Preferred Stock issued to ARCH Venture Fund IX, L.P. and (ii) 435,142 shares of Series C Convertible Preferred Stock issued to ARCH Venture Fund IX Overage, L.P.

### **Stock Repurchases**

In March 2020, we repurchased 546,806 shares of its Series A convertible preferred stock from Richard D. Klausner and Rachel D. Klausner, Trustees of the Klausner Family Revocable Trust of May 8, 2014 at the then estimated fair value of \$7.76 per share for a purchase price of \$4.2 million.

In March 2020, we repurchased 2,032,166 shares of its common stock from Richard D. Klausner at the then estimated fair value of \$5.81 per share for a purchase price of \$11.8 million.

### **Collaboration and License Agreement with GSK**

In May 2019, we entered into a Collaboration and License Agreement with GSK for potential T cell therapies that apply our platform technologies and cell therapy innovations to TCRs or CARs under distinct collaboration programs. We received a non-refundable upfront payment of \$45.0 million under the GSK Agreement. We are entitled to certain payments upon the achievement of specified development and commercial milestones (for each selected target that is already within GSK's pipeline and meet certain criteria, we are eligible to receive up to an aggregate of approximately \$400.0 million, and for each selected target that is not already within GSK's pipeline and meet certain criteria we are eligible to receive up to an aggregate of approximately \$900.0 million). We are also entitled to potential technology validation milestone payments of up to an aggregate of approximately \$200.0 million.

In connection with the GSK Agreement, in May 2019, we also entered into a Stock Purchase Agreement with GSK (GSK Stock Purchase Agreement), pursuant to which we sold and issued 30,253,189 shares of Series AA convertible preferred stock at a price of \$6.776145 per share in July 2019.

### **Employment Agreements and Stock Option Grants to Directors and Executive Officers**

We have entered into employment agreements with certain of our named executive officers, and granted stock options to our named executive officers and certain of our directors, as more fully described in the sections titled "Executive Compensation" and "Management—Non-Employee Director Compensation."

### **Investors' Rights Agreement**

In March 2020, we entered into an Amended and Restated Investors' Rights Agreement (the Rights Agreement) with certain holders of more than 5% of our outstanding capital stock, including ARCH Venture Fund IX, L.P., ARCH Venture Fund IX Overage, L.P., Foresite Capital Fund IV, L.P., Gemini Investments, L.P., Glaxo Group Limited, Milky Way Investments Group Limited and certain affiliates of our directors.

The Rights Agreement grants to the holders of our outstanding convertible preferred stock certain rights, including certain registration rights with respect to the registrable securities held by them. See the section titled "Description of Capital Stock—Registration Rights" for additional information. In addition, the Rights Agreement imposes certain affirmative obligations on us, including our obligation to, among other things, (i) grant each holder who holds at least 7,736,917 shares of our convertible

## [Table of Contents](#)

preferred stock (the Major Investors) a right of first offer with respect to future sales of our equity, excluding the shares to be offered and sold in this offering, and grant certain information and inspection rights to such Major Investors. Each of these obligations will terminate in connection with the closing of this offering.

### **Voting Agreement**

In April 2021, we entered into an Amended and Restated Voting Agreement (the Voting Agreement) with certain holders of more than 5% of our outstanding capital stock, including ARCH Venture Fund IX, L.P., ARCH Venture Fund IX Overage, L.P., Foresite Capital Fund IV, L.P., Gemini Investments, L.P., Glaxo Group Limited, Milky Way Investments Group Limited and certain affiliates of our directors.

Pursuant to the Voting Agreement, as amended, ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P., collectively, have the right to designate two members to be elected to our board of directors. See the section titled “Management—Composition of Our Board of Directors.” The Voting Agreement will terminate by its terms in connection with the closing of this offering and none of our stockholders will have any continuing rights regarding the election or designation of members of our board of directors following this offering.

### **Right of First Refusal and Co-Sale Agreement**

In March 2020, we entered into an Amended and Restated Right of First Refusal and Co-Sale Agreement (the Co-Sale Agreement) with certain holders of more than 5% of our outstanding capital stock, including ARCH Venture Fund IX, L.P., ARCH Venture Fund IX Overage, L.P., Foresite Capital Fund IV, L.P., Gemini Investments, L.P., Glaxo Group Limited, Milky Way Investments Group Limited and certain affiliates of our directors.

Pursuant to the Co-Sale Agreement, we have a right of first refusal in respect of certain sales of securities by certain holders of our common stock and convertible preferred stock. To the extent we do not exercise such right in full, the Major Investors are granted certain rights of first refusal and co-sale in respect of such sale. The Co-Sale Agreement will terminate in connection with the closing of this offering.

### **Limitations on Liability and Indemnification Agreements**

Our amended and restated certificate of incorporation will contain provisions limiting the liability of directors, and our amended and restated bylaws will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into or intend to enter into an indemnification agreement with each of our directors and executive officers, which will require us to indemnify them. For more information regarding these agreements, see the section titled “Executive Compensation—Limitations on Liability and Indemnification.”

### **Directed Share Program**

At our request, the underwriters have reserved for sale, at the initial public offering price, up to \_\_\_\_\_ of the shares offered by this prospectus, excluding the additional shares that the underwriters have a 30-day option to purchase, for sale to certain of our directors and officers and certain other parties related to us.

## **Policies and Procedures for Transactions with Related Persons**

Prior to closing of this offering, we intend to adopt a written policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the approval or ratification of our board of directors or our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock, or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds \$120,000 (or, if less, 1% of the average of our total assets in a fiscal year) and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

## PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our capital stock as of March 31, 2021 by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each our of named executive officers; and
- all of our current executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on 217,829,956 shares of our common stock outstanding as of March 31, 2021, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into 194,474,431 shares of our common stock in connection with the closing of this offering and including 5,525,002 shares of our unvested restricted common stock subject to repurchase as of such date.

Applicable percentage ownership after the offering is based on \_\_\_\_\_ shares of common stock outstanding immediately after the closing of this offering, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into 194,474,431 shares of our common stock in connection with the closing of this offering and including \_\_\_\_\_ shares of our unvested restricted common stock subject to repurchase as of \_\_\_\_\_. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable within 60 days of March 31, 2021. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person. The percentage ownership information does not reflect any potential purchases pursuant to the directed share program or otherwise of any shares of common stock in this offering by the beneficial owners identified in the table below.



## Table of Contents

Unless otherwise indicated, the address for each beneficial owner listed in the table below is c/o Lyell Immunopharma, Inc., 400 East Jamie Court, Suite 301, South San Francisco, CA 94080.

Name of Beneficial Owner	Number of Shares Beneficially Owned (#)	Percentage of Shares Beneficially Owned	
		Before Offering (%)	After Offering (%)
<b>Greater than 5% Holders:</b>			
Entities affiliated with ARCH Venture Partners <sup>(1)</sup>	36,412,716	16.7	
Foresite Capital Fund IV, L.P. <sup>(2)</sup>	13,282,181	6.1	
Gemini Investments, L.P. <sup>(3)</sup>	15,167,757	7.0	
Glaxo Group Limited <sup>(4)</sup>	30,253,189	13.9	
Milky Way Investments Group Limited <sup>(5)</sup>	17,405,698	8.0	
<b>Directors and Named Executive Officers:</b>			
Richard D. Klausner, M.D. <sup>(6)</sup>	16,325,949	7.2	
Elizabeth Homans <sup>(7)</sup>	4,899,939	2.2	
Stephen Hill <sup>(8)</sup>	342,186	*	
Heather Turner <sup>(9)</sup>	369,269	*	
Hans Bishop <sup>(10)</sup>	4,709,844	2.2	
Otis Brawley, M.D. <sup>(11)</sup>	400,000	*	
Catherine Friedman <sup>(12)</sup>	4,515,842	2.1	
Robert Nelsen <sup>(13)</sup>	36,412,716	16.7	
William Rieflin <sup>(14)</sup>	400,000	*	
All directors and executive officers as a group (10 persons) <sup>(15)</sup>	68,375,745	31.1	

\* Represents beneficial ownership of less than 1%.

- (1) Consists of (i) 17,771,216 shares of Series A convertible preferred stock and 435,142 shares of Series C convertible preferred stock held by ARCH Venture Fund IX, L.P. (ARCH IX) and (ii) 17,771,216 shares of Series A convertible preferred stock and 435,142 shares of Series C convertible preferred stock held by ARCH Venture Fund IX Overage, L.P., (ARCH IX Overage). ARCH Venture Partners IX, L.P. (AVP IX LP) is the sole general partner of ARCH IX. ARCH Venture Partners IX Overage, L.P. (AVP IX Overage LP) is the sole general partner of ARCH IX Overage. ARCH Venture Partners IX, LLC (AVP IX LLC) is the sole general partner of each of AVP IX LP and AVP IX Overage LP. Keith Crandell, Clinton Bybee, and Robert Nelsen are managing directors of AVP IX LLC (the AVP IX MDs). AVP IX LP and AVP IX Overage LP may be deemed to beneficially own the shares held by ARCH IX and ARCH IX Overage, respectively, AVP IX LLC may be deemed to beneficially own the shares held by ARCH IX and ARCH IX Overage, and each of the AVP IX MDs may be deemed to share the power to direct the disposition and vote of the shares held by ARCH IX and ARCH IX Overage. AVP IX LP, AVP IX Overage LP, AVP IX LLC, and the AVP IX MDs each disclaim beneficial ownership except to any pecuniary interest therein. The mailing address of ARCH IX and ARCH IX Overage is 8755 W. Higgins Road, Suite 1025, Chicago, IL 60631.
- (2) Consists of (i) 10,936,132 shares of Series A convertible preferred stock, (ii) 1,475,765 shares of Series B convertible preferred stock and (iii) 870,284 shares of Series C convertible preferred stock. Foresite Capital Management IV, LLC (FCM IV) is the general partner of Foresite Capital Fund IV, L.P. (Foresite). James Tananbaum is the managing member of FCM IV. FCM IV may be deemed to beneficially own the shares held by Foresite and James Tananbaum may be deemed to have the power to direct the disposition and vote of the shares held by Foresite. FCM IV and James Tananbaum each disclaim beneficial ownership of the shares held by Foresite except to any pecuniary interest therein. The mailing address of Foresite is 600 Montgomery Street, Suite 4500, San Francisco, CA 94111.
- (3) Consists of (i) 410,104 shares of Series A convertible preferred stock and (ii) 14,757,653 shares of Series B convertible preferred stock. Gemini GP Limited (GGPL) is the general partner of Gemini Investments, L.P. (Gemini). is the of GGPL. GGPL may be deemed to beneficially own the shares held by Gemini, and may be deemed to have the power to direct the disposition and vote of the shares held by Gemini. GGPL and each disclaim beneficial ownership of the shares held by Gemini except to any pecuniary interest therein. The mailing address of Gemini is 4 Hill Street, London, Q1J 5NE United Kingdom.
- (4) Consists of 30,253,189 shares of Series AA convertible preferred stock. is the general partner of Glaxo Group Limited (GGL). is the of GGL. may be deemed to beneficially own the shares held by GGL, and may be deemed to have the power to direct the disposition and vote of the shares held by GGL. and each disclaim beneficial ownership of the shares held by GGL except to any pecuniary interest therein. The mailing address of GGL is 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

## Table of Contents

- (5) Consists of 17,405,698 shares of Series C convertible preferred stock. \_\_\_\_\_ is the general partner of Milky Way Investment Group Limited (Milky Way). \_\_\_\_\_ is the \_\_\_\_\_ of Milky Way. \_\_\_\_\_ may be deemed to beneficially own the shares held by Milky Way, and \_\_\_\_\_ may be deemed to have the power to direct the disposition and vote of the shares held by Milky Way. \_\_\_\_\_ and \_\_\_\_\_ each disclaim beneficial ownership of the shares held by Milky Way except to any pecuniary interest therein. The mailing address of Milky Way is 4 Hill Street, London, W1J 5NE United Kingdom.
- (6) Consists of (i) 4,967,834 shares of common stock, (ii) 7,592,273 shares of common stock issuable upon exercise of stock options held by Dr. Klausner that are exercisable within 60 days of March 31, 2021 and (iii) 3,765,842 shares of Series A convertible preferred stock held by Lyell Investors, LLC. Dr. Klausner is a manager of Lyell Investors, LLC (Lyell Investors) and may be deemed to share the power to direct the disposition and vote of the shares held by Lyell Investors. Dr. Klausner disclaims beneficial ownership of all shares held by Lyell Investors except to any pecuniary interest therein.
- (7) Consists of 4,899,939 shares of common stock issuable upon exercise of stock options held by Ms. Homans that are exercisable within 60 days of March 31, 2021.
- (8) Consists of 342,186 shares of common stock issuable upon exercise of stock options held by Mr. Hill that are exercisable within 60 days of March 31, 2021.
- (9) Consists of 369,269 shares of common stock issuable upon exercise of stock options held by Ms. Turner that are exercisable within 60 days of March 31, 2021.
- (10) Consists of (i) 3,000,000 shares of common stock, (ii) 546,806 shares of Series A convertible preferred stock and (iii) 1,163,038 shares of common stock issuable upon exercise of stock options held by Mr. Bishop that are exercisable within 60 days of March 31, 2021.
- (11) Consists of 400,000 shares of common stock issuable upon exercise of stock options held by Dr. Brawley that are exercisable within 60 days of March 31, 2021.
- (12) Consists of (i) 650,000 shares of common stock issuable upon exercise of stock options held by Ms. Friedman that are exercisable within 60 days of March 31, 2021, (ii) 100,000 shares of common stock held by The Duane Irrevocable Trust 2020 (Duane Trust) and (iii) 3,765,842 shares of Series A convertible preferred stock held by Lyell Investors. Ms. Friedman is a trustee of the Duane Trust and a member of Lyell Investors, and therefore may be deemed to share the power to direct the disposition and vote of the shares held by each. Ms. Friedman disclaims beneficial ownership of all shares held by Duane Trust and Lyell Investors except to any pecuniary interest therein.
- (13) Mr. Nelsen is an AVP IX MD and may be deemed to beneficially own the shares held by ARCH IX and ARCH IX Overage as discussed in footnote (1). Mr. Nelsen disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein, if any.
- (14) Consists of 400,000 shares of common stock issuable upon exercise of stock options held by Mr. Rieflin that are exercisable within 60 days of March 31, 2021.
- (15) Consists of (i) 8,067,834 shares of common stock held by our current directors and executive officers as a group, (ii) 43,620,922 shares of common stock issuable upon the conversion of Series A convertible preferred stock held by our current directors and executive officers as a group, (iii) 870,284 shares of common stock issuable upon the conversion of Series C convertible preferred stock held by our directors and executive officers as a group, and (iv) 15,816,705 shares of common stock issuable upon the exercise of stock options held by our current directors and executive officers that are exercisable within 60 days of March 31, 2021.

## DESCRIPTION OF CAPITAL STOCK

### General

The following description of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation, which will become effective immediately after the closing of this offering, and the amended and restated bylaws, which will become effective upon the closing of this offering. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will be in effect on the closing of this offering.

Upon filing of our amended and restated certificate of incorporation and the closing of this offering, our authorized capital stock will consist of \_\_\_\_\_ shares of common stock, par value \$0.0001 per share and \_\_\_\_\_ shares of preferred stock, par value \$0.0001 per share. All of our authorized shares of preferred stock will be undesignated.

As of March 31, 2021, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into 194,474,431 shares of our common stock upon the closing of this offering and including 5,525,002 shares of our unvested restricted common stock subject to repurchase as of such date, there were 217,829,956 shares of common stock outstanding and held of record by 103 stockholders.

### Common Stock

#### *Voting Rights*

The common stock is entitled to one vote per share on any matter that is submitted to a vote of our stockholders. Our amended and restated certificate of incorporation does not provide for cumulative voting for the election of directors. Our amended and restated certificate of incorporation establishes a classified board of directors that is divided into three classes with staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of our stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms. The affirmative vote of holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, will be required to amend certain provisions of our amended and restated certificate of incorporation, including provisions relating to amending our amended and restated bylaws, the classified structure of our board of directors, the size of our board of directors, removal of directors, director liability, vacancies on our board of directors, special meetings, stockholder notices, actions by written consent and exclusive jurisdiction.

#### *Economic Rights*

Except as otherwise expressly provided in our amended and restated certificate of incorporation or required by applicable law, all shares of common stock will have the same rights and privileges and rank equally, share ratably and be identical in all respects for all matters, including those described below.

*Dividends.* Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. See the section titled "Dividend Policy" for further information.

## [Table of Contents](#)

*Liquidation Rights.* On our liquidation, dissolution, or winding-up, the holders of common stock will be entitled to share equally, identically and ratably in all assets remaining after the payment of any liabilities, liquidation preferences and accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class.

### **No Preemptive or Similar Rights**

The holders of our shares of common stock are not entitled to preemptive rights, and are not subject to conversion, redemption or sinking fund provisions.

### **Fully Paid and Non-Assessable**

In connection with this offering, our legal counsel will opine that the shares of our common stock to be issued under this offering will be fully paid and non-assessable.

### **Preferred Stock**

Upon the closing of this offering, all of our currently outstanding shares of convertible preferred stock will convert into common stock and we will not have any convertible preferred stock outstanding. Immediately after the closing of this offering, our certificate of incorporation will be amended and restated to delete all references to such shares of convertible preferred stock. Under the amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue up to \_\_\_\_\_ shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control that may otherwise benefit holders of our common stock and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. We have no current plans to issue any shares of preferred stock.

### **Stock Options**

As of March 31, 2021, 40,556,956 shares of common stock were issuable upon the exercise of outstanding stock options, at a weighted-average exercise price of \$3.92 per share. Subsequent to March 31, 2021, we granted an additional 849,500 shares of common stock with a weighted-average exercise price of \$12.67 per share. Following completion of this offering, \_\_\_\_\_ shares of our common stock will be reserved for future issuance under the 2021 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under the 2021 Plan and any shares underlying outstanding stock awards granted under the 2018 Plan, that expire or are repurchased, forfeited, cancelled or withheld. For additional information regarding terms of our equity incentive plans, see the section titled "Executive Compensation—Equity Benefit Plans."

## Registration Rights

Upon the closing of this offering and subject to the lock-up agreements entered into in connection with this offering and federal securities laws, certain holders of shares of our common stock, including those shares of our common stock that will be issued upon the conversion of our convertible preferred stock in connection with this offering, will initially be entitled to certain rights with respect to registration of such shares under the Securities Act. These shares are referred to as registrable securities. The holders of these registrable securities possess registration rights pursuant to the terms of our amended and restated investors' rights agreement and are described in additional detail below. The registration of shares of our common stock pursuant to the exercise of the registration rights described below would enable the holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts, selling commissions and stock transfer taxes, of the shares registered pursuant to the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions and limitations, to limit the number of shares the holders may include. The demand, piggyback and Form S-3 registration rights described below will expire no later than three years after the closing of this offering.

### ***Demand Registration Rights***

Upon the closing of this offering, holders of an aggregate of \_\_\_\_\_ shares of our common stock will be entitled to certain demand registration rights. At any time beginning 180 days after the closing of this offering, the holders of \_\_\_\_\_ % of these shares may request that we register all or a portion of their shares. We are not required to effect more than \_\_\_\_\_ registration statements which are declared or ordered effective. Such request for registration must cover shares with an anticipated aggregate offering price of at least \$ \_\_\_\_\_ million. With certain exceptions, we are not required to effect the filing of a registration statement during the period starting with the date of the filing of, and ending on a date 180 days following the effective date of the registration statement for this offering.

### ***Piggyback Registration Rights***

In connection with this offering, the holders of an aggregate of \_\_\_\_\_ shares of our common stock were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations.

### ***Form S-3 Registration Rights***

Upon the closing of this offering, holders of an aggregate of \_\_\_\_\_ shares of common stock will be entitled to certain Form S-3 registration rights. Holders of \_\_\_\_\_ % of these shares can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate net proceeds of the shares offered would equal or exceed \$ \_\_\_\_\_ million. We will not be required to effect more than \_\_\_\_\_ registrations on Form S-3 within any 12-month period.

## Anti-Takeover Provisions

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws, which are summarized below, may have the effect of delaying,

deferring or discouraging another person from acquiring control of our company. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

#### ***Certificate of Incorporation and Bylaws to be in Effect in Connection with this Offering***

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of common stock will be able to elect all of our directors. Our amended and restated certificate of incorporation, to be effective immediately after the closing of this offering, and our amended and restated bylaws, to be effective on the closing of this offering, will provide for stockholder actions at a duly called meeting of stockholders or, before the date on which all shares of common stock convert into a single class, by written consent. A special meeting of stockholders may be called by a majority of our board of directors, the chair of our board of directors, or our chief executive officer or president. Our amended and restated bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors.

As described above in “Management—Composition of Our Board of Directors,” in accordance with our amended and restated certificate of incorporation to be filed in connection with this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms.

The foregoing provisions will make it more difficult for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts.

#### ***Section 203 of the Delaware General Corporation Law***

When we have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 stockholders, we will be subject to Section 203 of the DGCL which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, subject to certain exceptions.

#### ***Choice of Forum***

Our amended and restated certificate of incorporation to be effective immediately after the closing of this offering will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located

## [Table of Contents](#)

within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom is the sole and exclusive forum for the following claims or causes of action under the Delaware statutory or common law: (i) any derivative claim or cause of action brought on our behalf; (ii) any claim or cause of action for a breach of fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders; (iii) any claim or cause of action against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the DGCL, our amended and restated certificate of incorporation, or our bylaws (as each may be amended from time to time); (iv) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (as each may be amended from time to time, including any right, obligation, or remedy thereunder); (v) any claim or cause of action as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any claim or cause of action against us or any of our current or former directors, officers, or other employees governed by the internal-affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants. Our amended and restated certificate of incorporation to be effective on the closing of this offering will further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against an defendant to such complaint. The choice of forum provisions would not apply to claims or causes of action brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

For the avoidance of doubt, these provisions are intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Additionally, our amended and restated certificate of incorporation to be effective immediately after the closing of this offering will provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions.

### **Limitations on Liability and Indemnification**

See the section titled "Executive Compensation—Limitations on Liability and Indemnification."

### **Exchange Listing**

Our common stock is currently not listed on any securities exchange. We intend to apply to have common stock approved for listing on The Nasdaq Global Market under the symbol "LYEL."

### **Transfer Agent and Registrar**

On the closing of this offering, the transfer agent and registrar for our common stock will be . The transfer agent's address is .

## SHARES ELIGIBLE FOR FUTURE SALE

Before the closing of this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock, including shares issued on the exercise of outstanding options, in the public market after this offering, or the possibility of these sales or issuances occurring, could adversely affect the prevailing market price for our common stock or impair our ability to raise equity capital.

Based on our shares outstanding as of March 31, 2021, upon the closing of this offering, a total of \_\_\_\_\_ shares of common stock will be outstanding, assuming the automatic conversion of all outstanding shares of our convertible preferred stock into 194,474,431 shares of our common stock in connection with the closing of this offering and 5,525,002 shares of unvested restricted common stock subject to repurchase. Of these shares, all of the common stock sold in this offering by us, plus any shares sold by us on exercise of the underwriters' option to purchase additional common stock, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act (Rule 144).

The remaining shares of common stock will be, and shares of common stock subject to stock options will be on issuance, "restricted securities," as that term is defined in Rule 144. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. Restricted securities may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S.

Subject to the lock-up agreements described below and the provisions of Rule 144 or Regulation S under the Securities Act, as well as our insider trading policy, these restricted securities will be available for sale in the public market after the date of this prospectus.

### Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible stockholder is entitled to sell such shares without complying with the manner of sale, volume limitation, or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible stockholder under Rule 144, such stockholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and must have beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144, subject to the expiration of the lock-up agreements described below.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell shares on expiration of the lock-up agreements described below. Beginning 90 days after the date of this prospectus, within any three-month period, such stockholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares of common stock from us; or



## [Table of Contents](#)

- the average weekly trading volume of our common stock on The Nasdaq Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

### **Rule 701**

Rule 701 of the Securities Act (Rule 701) generally allows a stockholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares under Rule 701, subject to the expiration of the lock-up agreements described below.

### **Form S-8 Registration Statements**

We intend to file one or more registration statements on Form S-8 under the Securities Act with the SEC to register the offer and sale of shares of our common stock that are issuable under our 2018 Plan, 2021 Plan and ESPP. These registration statements will become effective immediately on filing. Shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below, and Rule 144 limitations applicable to affiliates.

### **Lock-up Arrangements**

We, and all of our directors, executive officers and the holders of substantially all of our common stock and securities exercisable for or convertible into our common stock outstanding immediately on the closing of this offering, have agreed with the underwriters that, until 180 days after the date of the underwriting agreement related to this offering, we and they will not, without the prior written consent of the representatives of the underwriters, subject to certain exceptions, directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any of our shares of common stock, or any securities convertible into or exercisable or exchangeable for shares of our common stock, or enter into any hedging, swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the securities, whether any such swap or transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise. These agreements are described in "Underwriting." The representatives of the underwriters may, in their sole discretion, release any of the securities subject to these lock-up agreements at any time.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain security holders, including the amended and restated investors' rights agreement, our standard form of option agreement and our standard form of restricted stock agreement, that contain market stand-off provisions or incorporate market stand-off provisions from our equity incentive plan imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

## Registration Rights

Upon the closing of this offering, pursuant to our amended and restated investors' rights agreement, the holders of \_\_\_\_\_ shares of our common stock, or their transferees, will be entitled to certain rights with respect to the registration of the offer and sale of their shares under the Securities Act, subject to the terms of the lock-up agreements described under the section titled "—Lock-Up Arrangements" above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately on the effectiveness of the registration. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock. See the section titled "Description of Capital Stock—Registration Rights" for additional information.

## CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of certain material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering. This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, does not address the potential application of the Medicare contribution tax on net investment income, and does not address any estate or gift tax consequences or any tax consequences arising under any state, local or foreign tax laws, or any other U.S. federal tax laws. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (the IRS), all as in effect on the date of this prospectus. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion is limited to non-U.S. holders who purchase our common stock pursuant to this offering and who hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all of the U.S. federal income tax consequences that may be relevant to an individual non-U.S. holder in light of such non-U.S. holder's particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to non-U.S. holders subject to special rules under the U.S. federal income tax laws, including:

- certain former citizens or long-term residents of the United States;
- partnerships or other pass-through entities (and investors therein);
- "controlled foreign corporations";
- "passive foreign investment companies";
- corporations that accumulate earnings to avoid U.S. federal income tax;
- banks, financial institutions, investment funds, insurance companies, brokers, dealers or traders in securities;
- tax-exempt organizations and governmental organizations;
- tax-qualified retirement plans;
- persons who acquire our common stock through the exercise of an option or otherwise as compensation;
- qualified foreign pension funds as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds;
- persons subject to the alternative minimum tax;
- persons subject to special tax accounting rules under Section 451(b) of the Code;
- persons that own or have owned, actually or constructively, more than 5% of our common stock;
- persons who have elected to mark securities to market; and
- persons holding our common stock as part of a hedging or conversion transaction or straddle, or a constructive sale, or other risk reduction strategy or integrated investment.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships holding our common stock and the partners in such partnerships are urged to consult their tax advisors about the particular U.S. federal income tax consequences to them of holding and disposing of our common stock.

**THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS.**

#### **Definition of Non-U.S. Holder**

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our common stock that is not a “U.S. person” or a partnership (including any entity or arrangement treated as a partnership) for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

#### **Distributions on Our Common Stock**

As described in the section titled “Dividend Policy,” we do not anticipate declaring or paying, in the foreseeable future, any cash dividends on our capital stock. However, if we distribute cash or other property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder’s tax basis in our common stock, but not below zero. Any excess will be treated as gain realized on the sale or other disposition of our common stock and will be treated as described under “—Gain on Disposition of Our Common Stock” below.

Subject to the discussion below regarding effectively connected income, backup withholding and FATCA (as defined below), dividends paid to a non-U.S. holder of our common stock generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish us or our withholding agent with a valid IRS Form W-8BEN (in the case of individuals) or IRS Form W-8BEN-E (in the case of entities), or other appropriate form, certifying such holder’s qualification for the reduced rate. This certification must be provided to us or our withholding agent before the payment of dividends and must be updated periodically. In the case of a

## [Table of Contents](#)

non-U.S. holder that is an entity, Treasury Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of the tax treaty, dividends will be treated as paid to the entity or to those holding an interest in the entity. If the non-U.S. holder holds our common stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our withholding agent, either directly or through other intermediaries.

If a non-U.S. holder holds our common stock in connection with the conduct of a trade or business in the United States, and dividends paid on our common stock are effectively connected with such holder's U.S. trade or business (and are attributable to such holder's permanent establishment or fixed base in the United States if required by an applicable tax treaty), the non-U.S. holder will be exempt from U.S. federal withholding tax. To claim the exemption, the non-U.S. holder must generally furnish a valid IRS Form W-8ECI (or applicable successor form) to the applicable withholding agent.

However, any such effectively connected dividends paid on our common stock generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Non-U.S. holders that do not provide the required certification on a timely basis, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

### **Gain on Disposition of Our Common Stock**

Subject to the discussion below regarding backup withholding and FATCA (as defined below), a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale or other disposition of our common stock, unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition, and certain other requirements are met; or
- we are or become a United States real property holding corporation (aUSRPHC) for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-U.S. holder's holding period for our common stock, and our common stock is not regularly traded on an established securities market during the calendar year in which the sale or other disposition occurs.

Determining whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our foreign real property interests. We believe that we are not currently and we do not anticipate becoming a USRPHC for U.S. federal income tax purposes, although there can be no assurance we will not in the future become a USRPHC.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates in the same manner as if such

## [Table of Contents](#)

holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), on gain realized upon the sale or other taxable disposition of our common stock which may be offset by certain U.S.-source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses. If we are or become a United States real property holding corporation during the period described in the third bullet point above and our common stock is not regularly traded for purposes of the relevant rules, gain arising from the sale or other taxable disposition of our common stock by a non-U.S. holder will generally be subject to U.S. federal income tax in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the branch profits tax generally will not apply.

Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

### **Information Reporting and Backup Withholding**

Annual reports are required to be filed with the IRS and provided to each non-U.S. holder indicating the amount of distributions on our common stock paid to such holder and the amount of any tax withheld with respect to those distributions. These information reporting requirements apply even if no withholding was required because the distributions were effectively connected with the holder's conduct of a U.S. trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding, generally will not apply to payments to a non-U.S. holder of dividends on or the gross proceeds of a disposition of our common stock provided the non-U.S. holder furnishes the required certification for its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or certain other requirements are met, and if the payor does not have actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, the non-U.S. holder should consult with a U.S. tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the non-U.S. holder's U.S. federal income tax liability, if any.

### **Withholding on Payment to Certain Foreign Accounts or Entities**

Sections 1471 through 1474 of the Code (commonly referred to as FATCA), impose a U.S. federal withholding tax of 30% on certain payments made to a "foreign financial institution" (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or an exemption applies. FATCA also generally will impose a U.S. federal withholding tax of 30% on certain payments made to a non-financial foreign entity unless such entity provides the withholding agent a certification identifying certain direct and indirect U.S. owners of the entity or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a non-U.S. holder might

---

[Table of Contents](#)

be eligible for refunds or credits of such taxes. FATCA currently applies to dividends paid on our common stock and would have applied also to payments of gross proceeds from the sale or other disposition of our common stock. The U.S. Treasury Department has released proposed regulations under FATCA providing for the elimination of the federal withholding tax of 30% applicable to gross proceeds of a sale or other disposition of our common stock. Under these proposed Treasury Regulations (which may be relied upon by taxpayers prior to finalization), FATCA will not apply to gross proceeds from sales or other dispositions of our common stock.

Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

## UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC, BofA Securities, Inc., J.P. Morgan Securities, LLC and Morgan Stanley & Co. LLC are the representatives of the underwriters.

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman Sachs & Co. LLC	
BofA Securities, Inc.	
J.P. Morgan Securities, LLC	
Morgan Stanley & Co. LLC	
<b>Total</b>	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional \_\_\_\_\_ shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase \_\_\_\_\_ additional shares.

	<u>No Exercise</u>	<u>Full Exercise</u>
Per Share	\$	\$
Total	\$	\$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ \_\_\_\_\_ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors and holders of substantially all of our common stock and securities convertible into or exchangeable for our common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of our common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among us and the representatives. Among the factors to be considered in



## [Table of Contents](#)

determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of the business potential and our earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list our common stock on The Nasdaq Global Market under the symbol "LYEL".

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on NYSE, Nasdaq NMS or relevant exchange, in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$ . We will reimburse the underwriters for certain of their expenses incurred in connection with this offering in an amount up to \$ .

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and

## [Table of Contents](#)

their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **Directed Share Program**

At our request, the underwriters have reserved for sale, at the initial public offering price, up to \_\_\_\_\_ of the shares offered by this prospectus, excluding the additional shares that the underwriters have a 30-day option to purchase, for sale to certain of our directors and officers and certain other parties related to us. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. If purchased by any of our officers or directors, these shares will be subject to the terms of lock-up agreements described above. Other than the underwriting discount described on the front cover of this prospectus, the underwriters will not be entitled to any commission with respect to shares of our common stock sold pursuant to the directed share program.

### **Selling Restrictions**

#### *European Economic Area*

In relation to each EEA Member State (each a “**Relevant Member State**”), no common shares (the “Shares”) have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that the Shares may be offered to the public in that Relevant Member State at any time:

- a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the Shares shall require the Company and/or Selling Shareholders or any Bank to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

## [Table of Contents](#)

For the purposes of this provision, the expression an 'offer to the public' in relation to the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Underwriters and their affiliates and the Company that:

- a) it is a qualified investor within the meaning of the Prospectus Regulation; and
- b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, (i) the Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or have been acquired in other circumstances falling within the points (a) to (d) of Article 1(4) of the Prospectus Regulation and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where the Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Regulation as having been made to such persons.

The Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Shares in the Offering.

### *United Kingdom*

This Prospectus and any other material in relation to the common shares (the "Shares") described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with persons who are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the FPO; or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the FPO; (iii) outside the UK; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Shares may otherwise lawfully be communicated or caused to be communicated, (all such persons together being referred to as "**Relevant Persons**"). The Shares are only available in the UK to, and any invitation, offer or agreement to purchase or otherwise acquire the Shares will be engaged in only with, the Relevant Persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which has been approved by the Financial Conduct Authority, except that the Shares may be offered to the public in the United Kingdom at any time:

- a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

## Table of Contents

- b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Global Coordinators for any such offer; or
- c) in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of the Shares shall require the Company and/or any Underwriters or any of their affiliates to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each person in the UK who acquires any Shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Underwriters and their affiliates that it meets the criteria outlined in this section.

### **Canada**

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **Hong Kong**

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (“Companies (Winding Up and Miscellaneous Provisions) Ordinance”) or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“Securities and Futures Ordinance”); or (ii) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be

accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

### **Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) under Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA); (ii) where such transfer arises from an offer in that corporation’s securities pursuant to Section 275(1A) of the SFA; (iii) where no consideration is or will be given for the transfer; (iv) where the transfer is by operation of law; (v) as specified in Section 276(7) of the SFA; or (vi) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (“Regulation 32”).

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA); (ii) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets); (iii) where no consideration is or will be given for the transfer; (iv) where the transfer is by operation of law; (v) as specified in Section 276(7) of the SFA; or (vi) as specified in Regulation 32.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the SFA, we have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the common shares are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Japan**

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the FIEA). The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

## LEGAL MATTERS

The validity of the shares of our common stock being offered in this prospectus will be passed upon for us by Cooley LLP. Certain legal matters in connection with this offering will be passed upon for the underwriters by Latham & Watkins LLP.

## EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at December 31, 2019 and 2020, and for the years then ended as set forth in their report. We've included our consolidated financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC also maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

On the closing of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

We also maintain a website at [www.lyell.com](http://www.lyell.com). Information contained in, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only as an inactive textual reference.

LYELL IMMUNOPHARMA, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

**Audited Consolidated Financial Statements**

[Report of Independent Registered Public Accounting Firm](#)

[Consolidated Balance Sheets](#)

[Consolidated Statements of Operations and Comprehensive Loss](#)

[Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity \(Deficit\)](#)

[Consolidated Statements of Cash Flows](#)

[Notes to Consolidated Financial Statements](#)

**Page**

F-2

F-3

F-4

F-5

F-6

F-7



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Lyell Immunopharma, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lyell Immunopharma, Inc. (the Company) as of December 31, 2019 and 2020, the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' equity (deficit) and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.

Seattle, Washington  
April 12, 2021

**Lyell Immunopharma, Inc.**  
**Consolidated Balance Sheets**  
(in thousands, except per share amounts)

	As of December 31,	
	2019	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 96,674	\$ 140,406
Short-term marketable securities	339,375	472,213
Prepaid expenses and other current assets	4,210	4,928
Total current assets	440,259	617,547
Restricted cash	1,798	466
Long-term marketable securities	34,983	79,995
Other investments	34,000	83,448
Property and equipment, net	17,976	77,045
Right-of-use assets, net	25,729	47,010
Other non-current assets	886	2,769
Total assets	<u>\$ 555,631</u>	<u>\$ 908,280</u>
<b>LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 2,844	\$ 9,396
Accrued liabilities and other current liabilities	14,254	28,021
Success payment liabilities	436	5,773
Deferred revenue	4,511	6,095
Total current liabilities	22,045	49,285
Operating lease liabilities, net of current portion	27,125	50,957
Deferred revenue, net of current portion	98,406	89,066
Other non-current liabilities	—	532
Total liabilities	147,576	189,840
<i>Commitments and contingencies (Note 16)</i>		
Convertible preferred stock, \$0.0001 par value; 152,537 and 195,021 shares authorized at December 31, 2019 and 2020, respectively; 152,116 and 194,474 shares issued and outstanding at December 31, 2019 and 2020, respectively	519,163	1,010,968
Stockholders' deficit:		
Common stock, \$0.0001 par value; 205,600 and 264,905 shares authorized at December 31, 2019 and 2020, respectively; 11,181 and 15,570 shares issued and outstanding at December 31, 2019 and 2020, respectively	1	2
Additional paid-in capital	18,108	41,357
Accumulated other comprehensive income	454	256
Accumulated deficit	(129,671)	(334,143)
Total stockholders' deficit	(111,108)	(292,528)
Total liabilities, convertible preferred stock and stockholders' deficit	<u>\$ 555,631</u>	<u>\$ 908,280</u>

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

**Lyell Immunopharma, Inc.**  
**Consolidated Statements of Operations and Comprehensive Loss**  
(in thousands, except per share amounts)

	Year Ended December 31,	
	2019	2020
Revenue	\$ 657	\$ 7,756
Operating expenses (income):		
Research and development	63,595	182,243
General and administrative	39,151	46,881
Other operating income, net	—	(9,431)
Total operating expenses	<u>102,746</u>	<u>219,693</u>
Loss from operations	(102,089)	(211,937)
Interest income, net	8,121	5,939
Other (expense) income, net	<u>(35,409)</u>	<u>1,526</u>
Net loss	(129,377)	(204,472)
Other comprehensive gain (loss):		
Net unrealized gain (loss) on marketable securities	454	(198)
Net comprehensive loss	<u>\$ (128,923)</u>	<u>\$ (204,670)</u>
Net loss attributed to common stockholders:		
Net loss	\$ (129,377)	\$ (204,472)
Deemed dividends upon issuance or repurchase of convertible preferred stock	(1,144)	(3,582)
Net loss attributed to common stockholders	<u>\$ (130,521)</u>	<u>\$ (208,054)</u>
Net loss per common share, basic and diluted	<u>\$ (24.04)</u>	<u>\$ (15.69)</u>
Weighted-average shares used to compute net loss per common share, basic and diluted	<u>5,429</u>	<u>13,258</u>

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

**Lyell Immunopharma, Inc.**  
**Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
(in thousands)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2018	74,406	\$ 120,296	1,092	\$ —	\$ 826	\$ —	\$ 24	\$ 850
Issuance of Series A convertible preferred stock, net of \$29 in issuance costs	23,527	89,380	—	—	—	—	—	—
Issuance of Series B convertible preferred stock, net of \$133 in issuance costs	23,930	162,018	—	—	—	—	—	—
Issuance of Series AA convertible preferred stock, net of \$101 in issuance costs	30,253	146,325	—	—	—	—	—	—
Deemed dividends on issuance of Series A convertible preferred stock	—	1,144	—	—	(826)	—	(318)	(1,144)
Issuance of common stock to strategic partners	—	—	910	—	2,562	—	—	2,562
Repurchase of common stock	—	—	—	—	(185)	—	—	(185)
Stock-based compensation	—	—	9,179	1	15,731	—	—	15,732
Other comprehensive income	—	—	—	—	—	454	—	454
Net loss	—	—	—	—	—	—	(129,377)	(129,377)
Balance as of December 31, 2019	<u>152,116</u>	<u>\$ 519,163</u>	<u>11,181</u>	<u>\$ 1</u>	<u>\$ 18,108</u>	<u>\$ 454</u>	<u>\$ (129,671)</u>	<u>\$ (111,108)</u>
Issuance of Series C convertible preferred stock, net of \$533 in issuance costs	42,905	492,467	—	—	—	—	—	—
Issuance of common stock to strategic partners	—	—	275	—	1,004	—	—	1,004
Issuance of common stock for asset acquisition	—	—	688	—	4,000	—	—	4,000
Issuance of common stock upon exercise of stock options	—	—	113	—	373	—	—	373
Stock-based compensation	—	—	5,345	1	33,260	—	—	33,261
Repurchase of convertible preferred stock	(547)	(662)	—	—	(3,582)	—	—	(3,582)
Repurchase of common stock	—	—	(2,032)	—	(11,806)	—	—	(11,806)
Other comprehensive loss	—	—	—	—	—	(198)	—	(198)
Net loss	—	—	—	—	—	—	(204,472)	(204,472)
Balance as of December 31, 2020	<u>194,474</u>	<u>\$1,010,968</u>	<u>15,570</u>	<u>\$ 2</u>	<u>\$ 41,357</u>	<u>\$ 256</u>	<u>\$ (334,143)</u>	<u>\$ (292,528)</u>

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

**Lyell Immunopharma, Inc.**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Year Ended December 31,	
	2019	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (129,377)	\$ (204,472)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,256	4,294
Accretion of marketable securities	(1,511)	595
Stock-based compensation expense	15,732	33,261
Change in fair value of success payment liabilities	436	5,337
Change in fair value of warrants	—	(1,323)
Loss on remeasurement of convertible preferred stock tranche liabilities	35,444	—
Gain on sale of assets	—	(4,884)
Expense in connection with equity issuances	3,566	—
Lease expense, net of gain on lease remeasurement	3,127	3,181
Non-cash expense in connection with asset acquisition	—	3,529
Other	(7)	(56)
Changes in operating assets and liabilities:		
Prepaid expense and other assets	(5,767)	(1,388)
Accounts payable	1,709	(278)
Accrued liabilities and other liabilities	11,949	9,086
Deferred revenue	102,917	(7,756)
Net cash provided by (used in) operating activities	<u>39,474</u>	<u>(160,874)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(16,047)	(51,481)
Purchases of marketable securities	(610,842)	(864,909)
Sales and maturities of marketable securities	238,456	686,322
Purchases of other investments	(34,000)	(43,448)
Net cash used in investing activities	<u>(422,433)</u>	<u>(273,516)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of convertible preferred stock, net of issuance costs	351,341	492,467
Proceeds from exercise of stock options	—	373
Payments for the repurchase of common stock	(185)	(11,806)
Payments for the repurchase of preferred stock	—	(4,244)
Net cash provided by financing activities	<u>351,156</u>	<u>476,790</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	(31,803)	42,400
Cash, cash equivalents and restricted cash at beginning of period	130,275	98,472
Cash, cash equivalents and restricted cash at end of period	<u>\$ 98,472</u>	<u>\$ 140,872</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Purchases of property and equipment included in accounts payable and accrued liabilities	<u>\$ 3,185</u>	<u>\$ 12,740</u>
Operating lease right-of-use assets obtained in exchange for lease obligations	<u>\$ 23,656</u>	<u>\$ 30,475</u>
Remeasurement of operating lease right of use asset for lease modification	<u>\$ —</u>	<u>\$ (8,958)</u>
Cash received for amounts related to tenant improvement allowances	<u>\$ 2,194</u>	<u>\$ 2,966</u>
Cash paid for amounts included in the measurement of lease liabilities	<u>\$ 1,464</u>	<u>\$ 5,147</u>
Other investments received for sale of assets	<u>\$ —</u>	<u>\$ 6,000</u>
Non-cash deemed dividends on convertible preferred stock	<u>\$ 1,144</u>	<u>\$ —</u>

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

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements**

**1. Organization**

Lyell Immunopharma, Inc. (the "Company") was incorporated in Delaware in June 2018. The Company is a T cell reprogramming company dedicated to the mastery of T cells to cure solid tumors. The Company is building a multi-modality product pipeline. The Company's primary activities since incorporation have been to develop T cell therapies, perform research and development, acquire technology, enter into strategic collaboration and license arrangements, enable manufacturing activities in support of its product candidate development efforts, organize and staff the Company, business plan, establish its intellectual property portfolio, raise capital and provide general and administrative support for these activities.

**2. Basis of Presentation and Significant Accounting Policies**

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The consolidated financial statements include the accounts of Lyell Immunopharma, Inc. and its wholly-owned subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

***Use of Estimates***

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect reported amounts and related disclosures. Specific accounts that require management estimates include, but are not limited to, stock-based compensation, valuation of success payments, revenue recognition, the fair value of convertible preferred and common stock and accrued expenses. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from those estimates.

***Comprehensive Loss***

Comprehensive loss includes net loss and certain changes in stockholders' deficit that are excluded from net loss. For the years ended December 31, 2019 and 2020 this was comprised of unrealized gains and losses on the Company's marketable securities.

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

**Cash, Cash Equivalents and Restricted Cash**

The Company considers all highly liquid investments purchased with original maturities of three months or less from the purchase date to be cash equivalents. Cash equivalents consist primarily of amounts invested in money market accounts. The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows (in thousands):

	December 31,	
	2019	2020
Cash and cash equivalents	\$96,674	\$140,406
Restricted cash	1,798	466
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$98,472</u>	<u>\$140,872</u>

Restricted cash is cash held in bank accounts and is used as collateral for letters of credits issued in conjunction with the Company's lease agreements and collateral associated with the Company's corporate credit card program.

**Marketable Securities**

The Company generally invests its excess cash in investment grade short-to intermediate-term fixed income securities. Such investments are included in cash and cash equivalents, short-term marketable securities or long-term marketable securities, classified as available-for-sale and are carried at fair value. Unrealized gains and losses are excluded from net loss and are reported as a component of comprehensive loss. Realized gains and losses on available-for-sale securities are included in other (expense) income, net. The cost of investments sold is based on the specific-identification method. Investments in securities with maturities of less than one year, or those which the Company intends to use to fund current operations, are included in current assets.

Each reporting period, the Company evaluates whether declines in fair value below carrying value are due to expected credit losses, as well as the Company's ability and intent to hold the investment until a forecasted recovery occurs. Expected credit losses are recorded as an allowance through other (expense) income, net.

**Other Investments**

The Company determines at the inception of each arrangement whether an investment or other interest is considered a variable interest entity ("VIE"). If the investment or other interest is determined to be a VIE, the Company evaluates whether it is considered the primary beneficiary. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to direct the activities that most significantly impact the VIE's economic performance; and (ii) has the obligation to absorb losses or the right to receive benefits from the VIE. For investments in VIEs in which the Company is considered the primary beneficiary, the assets, liabilities and results of operations of the VIE are consolidated in its consolidated financial statements. As of December 31, 2019 and 2020, there were no VIEs for which the Company was the primary beneficiary.

The Company accounts for its strategic equity interests in non-publicly traded companies for which it does not have the ability to exercise significant influence in accordance with Accounting

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

Standards Codification (“ASC”) 321, *Investments – Equity Securities* (“ASC 321”). Upon acquisition, these investments are measured at cost, which represents the then fair value. Under ASC 321, the Company can elect to subsequently measure the investments at initial cost, minus impairment and any changes, plus or minus, resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This election must be made for each investment separately. The Company has made this election for all investments in this category and will continue to measure these investments using this method until they no longer qualify to be measured in accordance with this method. Changes in the carrying value of other investments are recognized through net loss. Each reporting period, the Company performs a qualitative assessment to evaluate whether the investment is impaired. The Company’s assessment includes a review of recent operating results and trends, recent sales/acquisitions of the investee securities and other factors that raise concerns about the investee’s ability to continue as a going concern. If the investment is impaired, an impairment charge is recognized in the amount by which the carrying amount of the investment exceeds the estimated fair value of the investment, with the impairment charge recognized through net loss.

Additionally, the Company holds equity warrants giving it the right to acquire stock of a non-publicly traded company. Equity warrants are recorded within other assets at the estimated fair value, with gains and losses recognized in other (expense) income, net.

***Property and Equipment, Net***

Property and equipment primarily consist of laboratory equipment, computer equipment and software, furniture and fixtures and leasehold improvements. Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the balance sheet and the resulting gain or loss is recorded in other (expense) income, net in the period realized. Maintenance and repairs are expensed as incurred.

The Company has determined the estimated life of the assets to be as follows:

Laboratory equipment	5 years
Computer equipment and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of asset’s useful life or remaining lease term

***Impairment of Long-Lived Assets***

Long-lived assets are reviewed each reporting period for impairment or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, which may warrant adjustments to carrying values or estimated useful lives. Recoverability is measured by comparison of the carrying amount of an asset group to the future net undiscounted cash flows that the assets are expected to generate. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the projected discounted future net cash flows arising from the asset. There has been no impairment of long-lived assets for any of the periods presented.



**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

**Acquisitions**

The Company evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs which would meet the requirements of a business in which case the transaction is accounted for using the acquisition method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized at their estimated fair values as of the acquisition date, and that the fair value of acquired intangibles be recorded on the balance sheet. Transaction costs are expensed as incurred. Any excess of the purchase price over the assigned fair values of the net assets acquired is recorded as goodwill. If the Company determines an acquisition does not meet the definition of a business combination under the acquisition method of accounting, the transaction is accounted for as an asset acquisition.

In an asset acquisition, upfront payments allocated to in-process research and development (“IPR&D”) are recorded in research and development expense if it is determined that there is no alternative future use, and subsequent milestone payments are recorded in research and development expense when achieved for technology that has not yet met product feasibility.

**Leases**

The Company leases certain office, laboratory and manufacturing spaces. In addition to minimum rent, the leases require payment of real estate taxes, insurance, common area maintenance charges and other executory costs. At inception of a contract, the Company determines whether an arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. For all leases, the Company determines the classification of the lease as either operating or financing. As of December 31, 2019 and 2020, all of the Company’s leases were classified as operating leases.

The Company will recognize right-of-use (“ROU”) assets and lease liabilities at the lease commencement date based on the present value of future lease payments over the lease term. As the Company’s leases do not provide an implicit rate, an incremental borrowing rate at each lease commencement date is used to determine the present value of future lease payments. The incremental borrowing rate is the rate of interest that the Company would pay to borrow equivalent funds on a collateralized basis at the lease commencement date. To estimate the incremental borrowing rate, a credit rating applicable to the Company is estimated using a synthetic credit rating analysis since the Company does not currently have a rating agency-based credit rating. The ROU asset includes any lease payments made prior to the lease commencement date and is reduced by any lease incentives received or deemed payable to the Company. The lease term may include options to extend or terminate the lease when it is reasonably certain that a lease option will be exercised. Lease expense is recognized on a straight-line basis over the lease term within operating expenses on the consolidated statements of operations and comprehensive loss.

The Company has elected the practical expedient to not separate lease and non-lease components for real estate leases. Additionally, the Company has elected the short-term lease recognition exemption for all short-term leases and as a result, lease liabilities and ROU assets are not included on the consolidated balance sheets for leases with an initial term of 12 months or less.

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

***Fair Value of Financial Instruments***

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. The fair value hierarchy prioritizes valuation inputs based on the observable nature of those inputs. The fair value hierarchy applies only to the valuation inputs used in determining the reported fair value of the investments and is not a measure of the investment credit quality. The hierarchy defines three levels of valuation inputs:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability.

The Company's financial instruments, in addition to those presented in Note 6, *Fair Value Measurements*, include cash, restricted cash, other investments, accounts payable and accrued liabilities and other current liabilities. The carrying amount of cash, restricted cash, accounts payable and accrued liabilities and other current liabilities approximate fair value because of the short-term nature of these instruments. As described in Note 5, *Other Investments*, other investments are carried at cost, minus impairment and any changes, plus or minus, resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

***Convertible Preferred Stock Option***

Pursuant to the Series A convertible preferred stock purchase agreement ("Series A SPA") entered into in September 2018, the Company had the right to sell, or "put," additional shares of its Series A convertible preferred stock in subsequent closings, contingent upon the approval of the Company's board of directors, as well as potential obligations to issue additional convertible preferred shares upon the occurrence of certain events. As of December 31, 2018, certain holders of Series A convertible preferred stock were obligated to purchase an additional aggregate of 23,272,720 shares at \$1.83 per share in a subsequent closing. Such closing was contingent upon the approval by the Company's board of directors, and the Company was obligated to sell the same number of shares upon the occurrence of certain events.

The Company assessed its rights and obligations to sell additional shares and determined that these rights and obligations were a single unit of accounting that created an obligation for the Company to issue additional shares of its Series A convertible preferred stock and represented a freestanding financial instrument that was recorded as a convertible preferred stock tranche liability in 2018 ("Series A Tranche Liability"). The Series A Tranche Liability was recorded at fair value on issuance with subsequent changes in fair value being recorded in other (expense) income, net.

In February 2019, pursuant to the Series A SPA, the Company exercised its right to sell and certain holders of Series A convertible preferred stock were obligated to purchase an additional 22,961,250 shares of its Series A convertible preferred stock at \$1.83 per share, resulting in aggregate gross proceeds to the Company of \$42.0 million. Prior to the exercise, the Series A convertible preferred stock option was revalued to fair value of \$46.4 million, which equated to intrinsic value, resulting in other expense of \$35.4 million for the year ended December 31, 2019.

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

***Deemed Dividends Upon Issuance or Repurchase of Convertible Preferred Stock***

In addition to the sale of Series A convertible preferred shares sold pursuant to the tranche right discussed above, the Company sold 566,490 shares of Series A convertible preferred stock in January 2019, at which time the estimated fair value of the Series A convertible preferred stock was \$3.85 per share, compared with the purchase price per share of \$1.83. The differences between the estimated fair value as of the closing dates and the purchase prices were deemed to be equivalent to a preferred stock dividend. As a result, the Company recorded deemed dividends of \$1.1 million for the year ended December 31, 2019. The deemed dividends increased convertible preferred stock by \$1.1 million, reduced additional paid-in capital by \$0.8 million, and increased accumulated deficit by \$0.3 million. The deemed dividends increased the net loss attributed to common stockholders by \$1.1 million.

In March 2020, 546,806 shares of the Company's Series A convertible preferred stock were repurchased by the Company at the then estimated fair value of \$7.76 per share, which was higher than the carrying value of those shares. See Note 10, *Convertible Preferred Stock*. As a result, the Company recorded deemed dividends of \$3.6 million for the year ended December 31, 2020. The transaction decreased convertible preferred stock by \$0.7 million and reduced additional paid-in capital by \$3.6 million. The deemed dividends increased the net loss attributed to common stockholders by \$3.6 million.

***Revenue***

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of ASC 606, *Revenue from Contracts with Customers*, ("ASC 606") the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the performance obligation is satisfied. In applying the ASC 606 framework, the Company must apply judgment to determine the nature of the promises within a revenue contract and whether those promises represent distinct performance obligations. In determining the transaction price, the Company does not include amounts subject to uncertainties unless it is probable that there will be no significant reversal of cumulative revenue when the uncertainty is resolved. Milestone and other forms of variable consideration that the Company may earn are subject to significant uncertainties of research and development related achievements, which generally are deemed to be not probable until such milestones are actually achieved. Additionally, the Company develops assumptions that require judgment to determine the standalone selling price of each performance obligation identified in the contract. The Company then allocates the total transaction price to each performance obligation based on the estimated standalone selling prices of each performance obligation, for which it recognizes revenue as or when the performance obligations are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the variable consideration and any related constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis.

***Research and Development Expense***

The Company records expense for research and development costs as incurred. Research and development expenses consist of costs incurred by the Company for the discovery and development of

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

its technology platforms and product candidates and includes costs incurred in connection with strategic collaborations, costs to license technology, personnel-related costs, including stock-based compensation expense, facility and technology related costs, research and laboratory expenses, as well as other expenses, which include consulting fees and other costs. Upfront payments and milestones paid to third parties in connection with technology platforms which have not reached technological feasibility and do not have an alternative future use are expensed as incurred.

**General and Administrative Expense**

General and administrative costs are expensed as incurred and include personnel-related expenses, including stock-based compensation expense, for personnel in executive, legal, finance and other administrative functions, legal costs, transaction costs related to collaboration and licensing agreements, as well as fees paid for accounting and tax services, consulting fees and facilities costs not otherwise included in research and development expenses. Legal costs include those related to corporate and patent matters.

**Success Payments**

The Company granted rights to success payments to Fred Hutchinson Cancer Research Center ("Fred Hutch") and The Board of Trustees of the Leland Stanford Junior University ("Stanford") pursuant to the terms of its research and collaboration agreements with each of those entities. Pursuant to the terms of these agreements, on each contractually prescribed measurement date, the Company may be required to make success payments based on increases in the estimated per share fair value of the Company's Series A convertible preferred stock, or any security into which such stock has been converted or for which it has been exchanged, payable in cash or cash equivalents or, at the Company's discretion, publicly-tradeable shares of the Company's common stock. The Company's common stock is not currently publicly-tradeable. See Note 3, *Collaboration, License and Success Payment Agreements*. The success payments are accounted for under ASC 718, *Compensation – Stock Compensation*, with the expense being recorded in research and development expenses. Once the service period is complete, the instrument will be accounted for under ASC 815, *Derivatives and Hedging*, and continue to be remeasured each reporting period with all changes in value recognized immediately in other (expense) income, net.

The success payment liability is estimated at fair value at inception and at each reporting period, and the expense is accreted over the service period of the research and collaboration agreement. To determine the estimated fair value of the success payments, the Company uses a Monte Carlo simulation methodology which models the future movement of stock prices based on several key variables combined with empirical knowledge of the process governing the behavior of the stock price. The following variables were incorporated in the estimated fair value of the success payment liability: estimated fair value of the Series A convertible preferred stock, expected volatility, risk-free interest rate and the estimated number and timing of valuation measurement dates on the basis of which payments may be triggered. The computation of expected volatility was estimated based on available information about the historical volatility of stocks of similar publicly traded companies for a period matching the expected term assumption.

The potential payments for both the Fred Hutch and Stanford success payments are based on multiples of increased value ranging from 10x to 50x based on a comparison of the estimated per share fair value of the Series A convertible preferred stock relative to its original \$1.83 issuance price. The aggregate success payments to Fred Hutch and Stanford are not to exceed \$200.0 million for

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

each entity, which would only occur upon a 50 times increase in value. For each entity, each threshold is associated with a success payment, ascending from \$10.0 million at \$18.29 per share to \$200.0 million at \$91.44 per share, payable if such threshold is reached during the measurement period. Any previous success payments made are credited against the success payment owed as of any valuation date, so that each entity does not receive multiple success payments in connection with the same threshold. The term of each success payment agreement ends on the earlier to occur of (i) the nine year anniversary of the date of the agreement and (ii) a change in control transaction.

The following table summarizes the aggregate potential success payments, which are payable to Fred Hutch and Stanford, respectively, in cash or cash equivalents or, at the Company's discretion, publicly-tradeable shares of the Company's common stock:

<b>Fred Hutch</b>					
Multiple of initial equity value at issuance	10x	20x	30x	40x	50x
Per share Series A convertible preferred stock price required for payment	\$18.29	\$36.58	\$54.86	\$73.15	\$91.44
Aggregate success payment(s) (in millions)	\$ 10	\$ 40	\$ 90	\$ 140	\$ 200

<b>Stanford</b>					
Multiple of initial equity value at issuance	10x	20x	30x	40x	50x
Per share Series A convertible preferred stock price required for payment	\$18.29	\$36.58	\$54.86	\$73.15	\$91.44
Aggregate success payment(s) (in millions)	\$ 10	\$ 40	\$ 90	\$ 140	\$ 200

The success payments will be owed if the estimated per share fair value of the Series A convertible preferred stock on the contractually specified valuation measurement dates during the term of the success payment agreement equals or exceeds the above outlined multiples. The valuation measurement dates are triggered by the following events: the one-year anniversary of an initial public offering ("IPO") of the Company's common stock and each two-year anniversary of the IPO thereafter, the closing of a change in control transaction, and the last day of the term of the success payment agreement, unless the term has ended due to the closing of a change of control transaction.

#### **Concentrations of Credit Risk and Off-Balance Sheet Risk**

The Company maintains its cash and cash equivalents and restricted cash with high quality, accredited financial institutions. These amounts, at times, may exceed federally insured limits. The Company also makes short-term investments in money market funds, U.S. Treasury securities, U.S. government agency securities, corporate bonds and commercial paper, which can be subject to certain credit risk. However, the Company mitigates the risks by investing in high-grade instruments, limiting exposure to any one issuer or type of investment and monitoring the ongoing creditworthiness of the financial institutions and issuers. The Company has not experienced any credit losses in such accounts and does not believe it is exposed to significant risk on these funds. The Company has no off-balance sheet concentrations of credit risk, such as foreign currency exchange contracts, option contracts, or other hedging arrangements.

#### **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, the need to

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

manage cash burn, the inability to hire key employees, possible failure of preclinical testing or clinical trials, the need to obtain marketing approval for its product candidates, competitors developing new superior technological innovations, the need to successfully commercialize and gain market acceptance of the Company's products and access to, maintenance of and protection of its proprietary technology and ensuring freedom to operate. If the Company does not successfully commercialize or partner any of its product candidates, it will be unable to generate product revenue or achieve profitability.

***Claims and Contingencies***

From time to time, the Company may become involved in litigation and proceedings relating to claims arising from the ordinary course of business. The Company accrues a liability if the likelihood of an adverse outcome is probable and the amount is estimable. If the likelihood of an adverse outcome is only reasonably possible (as opposed to probable), or if an estimate is not determinable, the Company provides disclosure of a material claim or contingency.

***Stock-Based Compensation***

Under ASC 718, the Company measures and recognizes expense for restricted stock awards ("RSAs") and stock options granted to employees, directors and consultants based on the fair value of the awards on the date of grant. The fair value of stock options is estimated at the date of grant using the Black-Scholes option pricing model, which requires the use of subjective assumptions and for management to apply judgment and make estimates, including:

- Expected term – The expected term represents the period that the stock-based awards are expected to be outstanding. The Company use the simplified method to determine the expected term, which is based on the average of the time-to-vesting and the contractual life of the options.
- Expected volatility – Since the Company is not yet a public company and does not have any trading history for its common stock, the expected volatility is estimated based on the average historical volatilities of common stock of comparable publicly traded entities over a time period equal to the expected term of the stock option grants. The comparable companies are chosen based on their size, stage in the product development cycle and area of specialty. The Company will continue to apply this process until sufficient historical information regarding the volatility of its own stock price becomes available.
- Risk-free interest rate – The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term of the awards.
- Expected dividend – The Company has never paid dividends on its common stock and has no plans to pay dividends on its common stock. Therefore, the Company used an expected dividend yield of zero.
- Fair value of the Company's common stock.

The Company utilizes significant estimates and assumptions in determining the fair value of its common stock for financial reporting purposes. The Company recorded expense for RSAs and stock options at prices not less than the fair market value of its common stock as determined by the board of directors, taking into consideration input from management and an independent third-party valuation

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

analysis, and in accordance with the American Institute of Certified Public Accountants (“AICPA”) Accounting and Valuation Guide, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*.

Stock-based compensation expense for RSAs and stock options is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. The Company accounts for forfeitures as they occur.

The Company also granted stock options that vest in conjunction with certain performance conditions to certain key employees. At each reporting date, the Company is required to evaluate whether achievement of the performance conditions is probable. Compensation expense is recorded over the appropriate service period based upon the Company’s assessment of accomplishing each performance provision.

**Convertible Preferred Stock**

The carrying value of the Company’s Series A, Series B, Series AA and Series C convertible preferred stock is adjusted to reflect dividends when and if declared by the Company’s board of directors. No dividends have been declared by the board of directors since inception. The Company classifies its convertible preferred stock outside of permanent equity as the redemption of such stock is not solely under the control of the Company.

**Income Taxes**

The Company determines its deferred tax assets and liabilities based on the differences between the financial reporting and tax basis of assets and liabilities. The deferred tax assets and liabilities are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. A valuation allowance is recorded when it is more likely than not that the deferred tax asset will not be recovered. The Company applies judgment in the determination of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes any material interest and penalties related to unrecognized tax benefits in income tax expense.

**Segments**

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business in one operating segment and one reportable segment.

**Recent Accounting Pronouncements**

Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, (“ASU 2016-13”), ASU No. 2019-5 *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief*, ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses* – In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, which implements an impairment model known as the current expected credit loss model that is based on expected losses rather than incurred losses. Under the new guidance, an entity will recognize as an allowance its

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

estimate of expected credit losses. The Company adopted this standard on January 1, 2020 on a modified-retrospective approach and the adoption did not have a material impact on its consolidated financial statements.

ASU No. 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606* (“ASU 2018-18”) – In November 2018, the FASB issued ASU 2018-18, which clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer. In addition, ASU 2018-18 precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. The Company adopted this standard on January 1, 2020, on a retrospective basis to the date of initial application of ASC 606. The adoption did not have a material impact on its consolidated financial statements.

ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* (“ASU 2018-15”) – In 2018, the FASB issued ASU 2018-15, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this update. The Company adopted this guidance on a prospective basis on January 1, 2020 and the adoption did not have a material impact on its consolidated financial statements.

### **3. Collaboration, License and Success Payment Agreements**

#### ***Fred Hutch***

**License Agreement** – In 2018, the Company entered into a license agreement with Fred Hutch that grants the Company an exclusive, worldwide, sublicensable license under certain patent rights, and a non-exclusive, worldwide, sublicensable license for certain technology, to research, develop, manufacture, improve and commercialize products and processes covered by such patent rights or incorporating such technology for all therapeutic uses for the treatment of human cancer.

The Company is also required to pay Fred Hutch annual license maintenance payments of \$50,000 on the second anniversary of the effective date, and each anniversary of the effective date thereafter until the first commercial sale of a licensed product.

**Collaboration Agreement** – In 2018, the Company entered into a research and collaboration agreement with Fred Hutch (“Fred Hutch Collaboration Agreement”), focused on research and development of cancer immunotherapy products. The Company is committed to fund aggregate research performed by Fred Hutch of \$12.0 million under the Fred Hutch Collaboration Agreement and the research will be conducted in accordance with a research plan and budget approved by the parties. The Fred Hutch Collaboration Agreement has a six-year term, which would be extended for three additional one-year extensions if the \$12.0 million funding commitment has not yet been met. The Company incurred \$3.7 million and \$4.1 million in expense in connection with the Fred Hutch Collaboration Agreement for the years ended December 31, 2019 and 2020, respectively.



**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

**Success Payments** – In 2018, the Company granted Fred Hutch rights to certain success payments, pursuant to the terms of the Fred Hutch Collaboration Agreement. Pursuant to the terms of the success payment agreement, the Company may be required to make success payments payable in cash or cash equivalents or, at the Company's discretion, publicly-tradeable shares of the Company's common stock when available, based on increases in the estimated per share fair value of the Company's Series A convertible preferred stock, or any security into which such stock has been converted or for which it has been exchanged.

The following assumptions were incorporated into the calculation of the estimated fair value of the success payment liability:

	December 31,	
	2019	2020
Fair value of the Series A convertible preferred stock	\$ 5.08	\$ 9.07
Risk free interest rate	1.56% - 2.23%	0.10% - 1.52%
Expected volatility	75%	80%
Expected term (in years)	1.00 - 7.97	1.00 - 6.97

The Company utilizes estimates and assumptions in determining the estimated success payment liabilities and associated expense. A small change in the valuation of the Company's Series A convertible preferred stock may have a relatively large change in the estimated fair value of the success payment liability and associated expense.

The estimated fair value of the success payments to Fred Hutch as of December 31, 2019 and 2020 was \$3.8 million and \$8.0 million, respectively. The success payment liability is estimated at fair value at inception and at each subsequent reporting period and the expense is accreted over the service period of the Fred Hutch Collaboration Agreement. With respect to Fred Hutch success payment obligations, the Company recognized expense of \$0.4 million and \$4.8 million for the years ended December 31, 2019 and 2020, respectively.

#### **Stanford**

**License Agreement** – In 2019, the Company entered into a license agreement with Stanford to license specified patent rights. The Company paid an upfront license fee of \$0.4 million upon the execution of the agreement which was recorded as research and development expense for the year ended December 31, 2019. The Company also issued Stanford 910,000 shares of its common stock in consideration for the license agreement and recognized \$2.6 million in research and development expense for the year ended December 31, 2019 based on the estimated fair value of the common stock on the issuance date. The Company granted a right for Stanford to purchase an additional \$5.0 million of the Company's Series B convertible preferred stock at fair value. In March 2019, Stanford exercised this right and purchased 737,882 shares of the Company's Series B convertible preferred stock.

The Company is also required to pay Stanford annual license maintenance payments of \$50,000 on the second anniversary of the effective date, and each anniversary of the effective date thereafter until the date of the first commercial sale of a licensed product.

Milestone payments to Stanford of up to a maximum of \$3.7 million per target are payable upon achievement of certain specified clinical and regulatory milestones. The Company is also obligated to

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

pay Stanford \$2.5 million collectively for all licensed products upon the achievement of a certain commercial milestone. Additionally, low single-digit tiered royalties based on annual net sales of the licensed products are payable to Stanford.

**Collaboration Agreement** – In October 2020, the Company entered into a research and collaboration agreement with Stanford (“Stanford Collaboration Agreement”), focused on research and development of cellular immunotherapy products. The Stanford Collaboration Agreement has a four-year term. The Company is committed to fund aggregate research performed by Stanford of \$12.0 million under the Stanford Collaboration Agreement, and the research will be conducted in accordance with a research plan and budget approved by the parties. The Company incurred \$0.8 million in expense in connection with the Stanford Collaboration Agreement for the year ended December 31, 2020.

**Success Payments** – In October 2020, the Company granted Stanford rights to certain success payments, pursuant to the terms of the Stanford Collaboration Agreement. Pursuant to the terms of the success payment agreement, the Company may be required to make success payments payable in cash or cash equivalents or, at the Company’s discretion, publicly-tradeable shares of the Company’s common stock when available, based on increases in the estimated per share fair value of the Company’s Series A convertible preferred stock, or any security into which such stock has been converted or for which it has been exchanged.

The following assumptions were incorporated into the calculation of the estimated fair value of the success payment liability:

	<b>December 31, 2020</b>
Fair value of the Series A convertible preferred stock	\$ 9.07
Risk free interest rate	0.10% - 1.53%
Expected volatility	80%
Expected term (in years)	1.00 - 8.75

The Company utilizes estimates and assumptions in determining the estimated success payment liabilities and associated expense. A small change in the valuation of the Company’s Series A convertible preferred stock may have a relatively large change in the estimated fair value of the success payment liability and associated expense.

The estimated fair value of the success payments to Stanford as of December 31, 2020 was \$8.9 million. The success payment liability is estimated at fair value at inception and at each subsequent reporting period and the expense is accreted over the service period of the Stanford Collaboration Agreement. With respect to Stanford success payment obligations, the Company recognized expense of \$0.6 million for the year ended December 31, 2020.

### **GSK**

In 2019, the Company entered into a Collaboration and License Agreement, amended in June 2020 (“GSK Agreement”) with GlaxoSmithKline Intellectual Property (No. 5) Limited and Glaxo Group Limited (together, “GSK”) for potential T cell therapies that apply the Company’s platform technologies and cell therapy innovations with T cell receptors (“TCRs”) or chimeric antigen receptors (“CARs”) under distinct collaboration programs. The GSK Agreement has defined two initial collaboration targets and allows GSK to nominate seven additional targets through July 2024. The Company is expected to

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

perform research and development services for each selected target up until a defined point (the “GSK Option Point”), at which time GSK will decide whether or not to exercise an option to obtain a license from the Company (“License Option”) and take over the future development and commercialization. For each selected target, both parties will determine whether it will be developed under a Proof of Concept (“PoC”) Development Program or Component Development Program. For a PoC Development Program, the Company is expected to conduct both preclinical and clinical development for the target and present clinical trial data to GSK in connection with their evaluation of whether to exercise the License Option. For a Component Development Program, the Company is obligated to perform preclinical studies only. Along with the research activities, the Company will also appoint three representatives to the joint steering committee (“JSC”) and be responsible for the manufacture of all compounds and products necessary for its research and development activities.

The Company received a non-refundable upfront payment of \$45.0 million under the GSK Agreement. The Company is entitled to certain payments upon the achievement of specified development and sales milestones (for each selected target that is already within GSK’s pipeline and meet certain criteria, the Company is eligible to receive up to an aggregate of approximately \$400.0 million, and for each selected target that is not already within GSK’s pipeline and meet certain criteria the Company is eligible to receive up to an aggregate of approximately \$900.0 million) and tiered royalties on a per-product basis ranging from low to high single digits for targets that are already within GSK’s pipeline and meet certain criteria, or from high single digit to low teens for all other targets. The Company is also entitled to potential milestone payments based on validating the Company’s technology in a clinical setting up to an aggregate of approximately \$200.0 million. Royalties and milestones are paid once per target, even if there is more than one Lyell innovation applied to a T cell therapy directed to that target. Any amounts received from GSK are generally non-refundable unless the Company terminates a collaboration target for safety or feasibility reasons and the funding received from GSK exceeds the costs incurred for the terminated target.

In connection with the GSK Agreement, in May 2019, the Company also entered into a Stock Purchase Agreement with GSK (the “GSK Stock Purchase Agreement”), pursuant to which the Company agreed to sell 30,253,189 shares of Series AA convertible preferred stock at a price of \$6.78 per share. As of the issuance date, the estimated fair value of the Series AA convertible preferred stock was \$4.84 per share, compared with the purchase price per share of \$6.78. The difference of \$58.6 million between the estimated fair value of the stock as of the issuance date and the purchase price was deemed to be additional consideration for the GSK Agreement. As a result, the total upfront payment for accounting purposes allocated to the GSK Agreement was \$103.6 million.

The GSK Agreement was deemed to be within the scope of ASC 606 because GSK engaged the Company to provide research and development services, which are outputs of its ongoing activities, in exchange for consideration.

The Company identified the following two distinct performance obligations: (i) research and development services related to the two initial collaboration targets, inclusive of the JSC participation and the manufacture of compounds necessary for providing the research and development services and (ii) a material right for GSK to nominate seven additional collaboration targets for which the Company will perform research and development services until the GSK Option Point.

To allocate revenue among the performance obligations, the Company determined standalone selling prices (“SSP”) of each obligation. For the research and development services, the SSP was calculated using a cost-plus margin approach. For the material right, the Company allocated the

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

transaction price to the material right by reference to the underlying research and development services expected to be provided and the corresponding expected consideration. All amounts included in the transaction price are allocated to performance obligations proportionate to their SSPs.

As of December 31, 2020, the transaction price was deemed to be \$103.6 million, consisting of the upfront payment of \$45.0 million under the GSK Agreement and the \$58.6 million allocated from the GSK Stock Purchase Agreement. Other than the upfront payment and the amounts allocated from the GSK Stock Purchase Agreement, all other contingent consideration that may be earned under the GSK Agreement is subject to uncertainties including but not limited to target addition, research and investigational new drug enabling studies, initiation of clinical trials, and other related achievements. Consequently, the transaction price currently does not include any such contingent consideration that, if included, could result in a probable significant reversal of cumulative revenue when related uncertainties become resolved. The Company will re-evaluate the transaction price at each reporting period. If and when contingent consideration is included in the transaction price, it will be allocated to the two performance obligations proportionate to their SSPs and a cumulative catchup in revenue will be recorded for the portion of the services already completed. The remaining amounts will be deferred and recognized as the services are rendered.

The research and development services are transferred as the services are performed, with cost used as the measure of progress compared to total estimated cost to complete. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. The determination of the percentage of completion requires the Company to estimate the costs to complete the project. The Company makes a detailed estimate of the costs to complete, which is reassessed every reporting period based on the latest project plan and discussions with project teams. If a change in facts or circumstances occurs, the estimate will be adjusted, and the revenue will be recognized based on the revised estimate. The difference between the cumulative revenue recognized based on the previous estimate and the revenue recognized based on the revised estimate would be recognized as an adjustment to revenue in the period in which the change in estimate occurs. The Company recognized revenue related to the research and development services related to the two initial targets of \$0.7 million and \$7.8 million for the years ended December 31, 2019 and 2020, respectively. Revenue recognized for the year ended December 31, 2020 previously was included in deferred revenue as of December 31, 2019.

**PACT**

In June 2020, the Company entered into an agreement (the "PACT Agreement") with PACT Pharma, Inc. ("PACT") to jointly develop and test a next generation personalized anti-cancer T cell therapy against solid tumors. The Company paid PACT an upfront non-refundable payment of \$50.0 million upon execution of the PACT Agreement, which was recorded in research and development expense for the year ended December 31, 2020. In November 2020, the parties agreed to suspend research and development activity under the PACT Agreement, and neither party would be required to conduct any further work under the development plan (including manufacturing development) nor incur any financial obligations (including milestone payments) that might otherwise arise, for as long as the parties continued to negotiate in good faith to resolve the issues that have arisen between them relating to the PACT Agreement.

In June 2020 in connection with the entry into the PACT Agreement, the Company also entered into a stock purchase agreement with PACT ("PACT SPA"), pursuant to which the Company purchased 17,806,901 shares of Series C-1 convertible preferred stock at a purchase price of \$2.81

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

per share. As of the purchase date, the estimated fair value of the Series C-1 convertible preferred stock was \$2.05 per share, and the difference between the estimated fair value of the preferred stock as of the purchase date and the purchase price of \$13.6 million was deemed to be additional consideration for the PACT Agreement and recognized as research and development expense. As a result, the total upfront payment paid in connection with the PACT Agreement was \$63.6 million and included in R&D expense.

Subsequently, in February 2021, the Company filed a demand for arbitration seeking, among other things, rescission of the PACT Agreement and the PACT SPA and recovery of the consideration paid thereunder.

**National Cancer Institute**

In December 2020, the Company entered into a license agreement with the National Cancer Institute (“NCI”) to license specified patents and know-how rights. The Company recorded an upfront license fee of \$0.1 million upon the execution of the agreement which was recorded as research and development expense for the year ended December 31, 2020. The Company is required to pay NCI a minimum annual maintenance fee of \$75,000, which payments may be credited against earned royalties.

Milestone payments to NCI up to a maximum of \$3.1 million are payable upon achievement of certain specified clinical and regulatory milestones and up to a maximum of \$12.0 million collectively for all licensed products upon achievement of certain commercial milestones. The Company is also obligated to pay low single-digit royalties based on annual net sales of the licensed products.

**4. Cash Equivalents and Marketable Securities**

The fair value and amortized cost of cash equivalents and marketable securities by major security type as of December 31, 2019 and 2020 are presented in the following table (in thousands):

	December 31, 2019			Fair Value
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
Money market funds	\$ 34,223	\$ —	\$ —	\$ 34,223
U.S. Treasury securities	187,996	297	(1)	188,292
U.S. government agency securities	118,828	79	(4)	118,903
Corporate debt securities	118,245	96	(13)	118,328
Total cash equivalents and marketable securities	<u>\$459,292</u>	<u>\$ 472</u>	<u>\$ (18)</u>	<u>\$459,746</u>
Classified as:				<u>Fair Value</u>
Cash equivalents				\$ 85,388
Short-term marketable securities				339,375
Long-term marketable securities				34,983
Total cash equivalents and marketable securities				<u>\$ 459,746</u>

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

	December 31, 2020			Fair Value
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
Money market funds	\$ 50,513	\$ —	\$ —	\$ 50,513
U.S. Treasury securities	202,674	27	—	202,701
U.S. government agency securities	205,558	207	(1)	205,764
Corporate debt securities	211,086	34	(11)	211,109
<b>Total cash equivalents and marketable securities</b>	<b><u>\$669,831</u></b>	<b><u>\$ 268</u></b>	<b><u>\$ (12)</u></b>	<b><u>\$670,087</u></b>

Classified as:	Fair Value
Cash equivalents	\$ 117,879
Short-term marketable securities	472,213
Long-term marketable securities	79,995
<b>Total cash equivalents and marketable securities</b>	<b><u>\$ 670,087</u></b>

As of December 31, 2019 and 2020, the fair value of securities held by the Company in an unrealized loss position was \$54.7 million and \$132.6 million, respectively, and as of December 31, 2019 and 2020, securities held by the Company in an unrealized loss position have been in the continuous loss position for less than 12 months. The Company evaluated its securities for other-than-temporary impairment and considers the decline in market value for the securities to be primarily attributable to current economic and market conditions. The Company does not intend to sell these securities nor does the Company believe that it will be required to sell these securities before recovery of their amortized cost basis. Gross realized gains and losses were *de minimis* for the years ended December 31, 2019 and 2020 and as a result, amounts reclassified out of accumulated other comprehensive loss for the years ended December 31, 2019 and 2020 were also *de minimis*.

As of December 31, 2019 and 2020, all of the Company's marketable securities had an effective maturity date of two years or less, were available for use, and were classified as available-for-sale.

**5. Other Investments**

In 2020, the Company made a strategic equity investment of \$13.0 million in Outpace Bio, Inc. ("Outpace"), a privately-held company, which represented a minority ownership interest at the time of the strategic investment. Outpace is engaged in the research and development of protein and cell technology platforms and has financed its activities via issuances of preferred stock. The Company determined that Outpace is a VIE as the at-risk equity holders, as a group, lack the characteristics of a controlling financial interest. The Company does not have majority voting rights, representation on Outpace's board of directors, or the power to direct the activities of this entity, and therefore it is not the primary beneficiary. As of December 31, 2020, the carrying value of the Company's investment in Outpace is \$13.0 million, which is recorded in other investments.

From time to time, the Company makes minority ownership strategic investments. As of December 31, 2019 and 2020, the aggregate carrying amounts of the Company's strategic investments in non-publicly traded companies were \$34.0 million and \$83.4 million, respectively. These investments are measured at initial cost, minus impairment and changes, plus or minus, resulting from observable price changes in orderly transactions for the identical or a similar investment of the same

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

issuer. There were no adjustments recorded to the carrying amount for other investments for the years ended December 31, 2019 and 2020.

**6. Fair Value Measurements**

The following table sets forth the fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis based on the three-tier fair value hierarchy (in thousands):

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Money market funds	\$34,223	\$ —	\$ —	\$ 34,223
U.S. Treasury securities	—	188,292	—	188,292
U.S. government agency securities	—	118,903	—	118,903
Corporate debt securities	—	118,328	—	118,328
Total financial assets	<u>\$34,223</u>	<u>\$425,523</u>	<u>\$ —</u>	<u>\$459,746</u>
<b>Financial liabilities:</b>				
Success payment liabilities	\$ —	\$ —	\$ 436	\$ 436
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 436</u>	<u>\$ 436</u>

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Money market funds	\$50,513	\$ —	\$ —	\$ 50,513
U.S. Treasury securities	—	202,701	—	202,701
U.S. government agency securities	—	205,764	—	205,764
Corporate debt securities	—	211,109	—	211,109
Equity warrants	—	—	1,323	1,323
Total financial assets	<u>\$50,513</u>	<u>\$619,574</u>	<u>\$ 1,323</u>	<u>\$671,410</u>
<b>Financial liabilities:</b>				
Success payment liabilities	\$ —	\$ —	\$ 5,773	\$ 5,773
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,773</u>	<u>\$ 5,773</u>

The Company measures the fair value of money market funds based on quoted prices in active markets for identical assets or liabilities. The Level 2 marketable securities include U.S. Treasury and government agency securities, and corporate debt securities. The Company's Level 2 securities are valued using third-party pricing sources. The pricing services utilize industry standard valuation models. Inputs utilized include market pricing based on real-time trade data for the same or similar securities and other significant inputs derived from or corroborated by observable market data.

The Level 3 financial instruments include equity warrants and success payment liabilities. The Company's Level 3 financial instruments are valued using valuation models which include the Black Scholes model for valuing the equity warrants and a Monte Carlo simulation for the success payment liabilities. See Note 2, *Significant Accounting Policies* and Note 3, *Collaboration, License and Success Payment Agreements*, for additional discussion on the valuation methodology and the related significant inputs.

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

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

	Equity Warrants	Success Payment Liabilities	Convertible Preferred Tranche Liabilities
Balance at December 31, 2018	\$ —	\$ —	\$ 10,938
Change in fair value (1)	—	436	35,444
Settlement	—	—	(46,382)
Balance at December 31, 2019	—	436	—
Additions	1,380	—	—
Change in fair value (1)	(57)	5,337	—
Balance at December 31, 2020	<u>\$ 1,323</u>	<u>\$ 5,773</u>	<u>\$ —</u>

(1) The change in fair value associated with the equity warrants and convertible preferred tranche liabilities is recorded in other (expense) income, net and the change in fair value associated with success payments liabilities is recorded in research and development expense.

**7. Property and Equipment, Net**

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

	December 31,	
	2019	2020
Laboratory equipment	\$ 11,182	\$ 17,083
Leasehold improvements	3,693	8,452
Computer equipment and software	591	724
Furniture and fixtures	178	178
Construction in progress	3,588	55,712
Property and equipment, at cost	19,232	82,149
Less: Accumulated depreciation	(1,256)	(5,104)
Total property and equipment, net	<u>\$ 17,976</u>	<u>\$ 77,045</u>

Depreciation expense was \$1.3 million and \$4.2 million for the years ended December 31, 2019 and 2020, respectively.

**8. Accrued Liabilities and Other Current Liabilities**

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

	December 31,	
	2019	2020
Accrued compensation and related benefits	\$ 8,911	\$ 14,850
Accrued property and equipment	2,426	5,910
Current lease liabilities	344	3,617
Accrued research and development expenses	1,338	2,575
Other	1,235	1,069
Total accrued liabilities and other current liabilities	<u>\$ 14,254</u>	<u>\$ 28,021</u>



**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

**9. Leases**

In 2018, the Company entered into an operating lease for approximately 34,000 square feet of office and laboratory space in Seattle, Washington, with an initial lease term expiring in December 2028. The Company has two five-year options to extend the lease, which are not reasonably assured.

In 2019, the Company entered into an operating lease for approximately 34,000 square feet of office and laboratory space in South San Francisco, California. The initial lease term expires in August 2029 with no option to extend the lease. In August 2019, the Company amended the lease to add an additional approximately 6,000 square feet of office and laboratory space for a total of approximately 40,000 square feet. In August 2019, the Company also amended the lease to add an early termination right, which allows the Company to terminate the lease by the delivery of 12 months advance written notice to the landlord delivered no later than December 2020. In December 2020, the Company exercised the early termination right and the lease term will end in December 2021. The Company remeasured the remaining consideration in the contract, which resulted in a gain of \$2.9 million, which was recognized in other operating income, net.

In 2019, the Company entered into two operating lease agreements for a combined approximately 73,000 square feet of space to develop a cell therapy manufacturing facility located in Bothell, Washington, with initial terms expiring in May 2030. The Company has two 90-month options to extend the leases, which are not reasonably assured.

In 2019, the Company entered into an operating lease agreement for approximately 108,000 square feet of office and laboratory space located in South San Francisco, California. The initial lease term expires in January 2031 with the option to extend the term for another 10 years, which is not reasonably assured.

The following table summarizes the Company's future minimum operating lease commitments, including expected lease incentives to be received, as of December 31, 2020 (in thousands):

Year Ending December 31:	
2021	\$ 10,096
2022	10,734
2023	11,054
2024	11,385
2025	11,898
Thereafter	58,962
Total undiscounted lease payments	114,129
Less: imputed interest	(41,497)
Less: tenant improvement allowances	(18,057)
Total operating lease liabilities(1)	\$ 54,575

(1) Total operating lease liabilities consisted of \$3.6 million included in accrued liabilities and other current liabilities and \$51.0 million in long-term lease liabilities.

The operating lease costs for all operating leases were \$4.6 million and \$11.2 million for the years ended December 31, 2019 and 2020, respectively. The operating lease costs and total commitments for short-term leases was *de minimis* for the years ended December 31, 2019 and 2020. Variable lease costs for operating leases were \$1.0 million and \$2.1 million for the years ended

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

December 31, 2019 and 2020, respectively. The weighted average remaining lease term and discount rate for operating leases as of December 31, 2020 was 9.0 years and 9.6%, respectively.

**10. Convertible Preferred Stock**

During 2019, the Company sold shares of its Series A, Series B and Series AA convertible preferred stock. The Company sold 23,527,740 shares of Series A convertible preferred stock at a price of \$1.83 per share for proceeds of \$43.0 million. The Company sold 23,929,531 shares of its Series B convertible preferred stock at a price of \$6.78 per share for proceeds of \$162.0 million, net of issuance costs of \$0.1 million. The Company sold 30,253,189 shares of its Series AA convertible preferred stock at an estimated fair value of \$4.84 per share for proceeds of \$146.3 million, net of issuance costs of \$0.1 million.

In March 2020, the Company sold 42,905,042 shares of its Series C convertible preferred stock at a price of \$11.49 per share for proceeds of \$492.5 million, net of issuance costs of \$0.5 million. In connection with this financing, the Company amended and restated its certificate of incorporation to increase its authorized capital stock to 264,905,000 shares designated as common stock and 195,021,237 shares designated as preferred stock, of which 97,933,475 shares are designated as Series A convertible preferred stock, 23,929,531 shares are designated as Series B convertible preferred stock, 30,253,189 shares are designated as Series AA convertible preferred stock and 42,905,042 shares are designated as Series C convertible preferred stock.

In March 2020, the Company repurchased 546,806 shares of its Series A convertible preferred stock from a related party for a purchase price of \$4.2 million.

**Conversion**

Shares of the Company's Series A, Series B, Series AA and Series C preferred stock are convertible into common stock based on a defined conversion ratio, which was initially set at one-for-one, adjustable for certain events. No such adjustment had occurred as of December 31, 2019 and 2020.

The preferred stock is convertible into common stock at the option of the holder at any time without any additional consideration, and all shares convert automatically upon the closing of the sale of shares of common stock in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), provided that such offering results in at least \$50.0 million of gross proceeds to the Company. The Company's Series A, Series B, Series AA and Series C convertible preferred stock will automatically convert into shares of common stock upon the vote or written consent of the holders of at least a majority of the outstanding Series A, Series B, Series AA and Series C convertible preferred stock voting together as a single class on an as-converted to common stock basis.

**Dividends**

Each holder of the Company's Series A, Series B, Series AA and Series C convertible preferred stock is entitled to receive non-cumulative dividends, when and if declared by the Company's board of directors, at an annual rate of 8% of the original issue price prior to and in preference to the payment of a dividend on common stock. No dividends have been declared to date.

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

***Liquidation Preference***

In the event that the Company is liquidated either voluntarily or involuntarily, or if any event occurs that is deemed a liquidation under the Company's certificate of incorporation, each holder of the Company's Series A, Series B, Series AA and Series C convertible preferred stock will be entitled to receive a liquidation preference out of any proceeds from the liquidation before any distributions are made to the holders of common stock. The liquidation preference for each share of the Series A, Series B and Series C convertible preferred stock is equal to the original issue price for such series (plus any declared but unpaid dividends), which is \$1.83 for each of the Series A convertible preferred stock, \$6.78 for each of the Series B convertible preferred stock and \$11.49 for each of the Series C convertible preferred stock or the amount per share as would have been payable had all shares of Series A, Series B and Series C convertible preferred been converted into common stock, respectively. The liquidation preference for each share of the Series AA convertible preferred stock is equal to fifty percent (50%) of the original issue price of Series AA preferred stock of \$6.78 per share (plus any declared but unpaid dividends), which is \$3.39 for each of the Series AA convertible preferred stock, or the amount per share as would have been payable had all shares of Series AA convertible preferred been converted into common stock.

***Voting Rights***

Each holder of convertible preferred stock votes (on an as-converted to common stock basis) with the other voting stock of the Company. Certain actions specified in the certificate of incorporation require the consent of at least a majority of the Company's Series A convertible preferred stock, Series B convertible preferred stock, Series AA convertible preferred stock and Series C convertible preferred stock, together as a single class on an as-converted to common stock basis. Certain actions specified in the certificate of incorporation may also require the consent of at least a majority of the Series A convertible preferred stock, voting as a single class, and/or at least a majority of the Series B convertible preferred stock, voting as a single class, and/or at least a majority of the Series AA convertible preferred stock, voting as a single class and/or at least a majority of the Series C convertible preferred stock, voting as a single class. Certain actions specified in the certificate of incorporation require the consent of at least a majority of the Series A convertible preferred stock, Series B and Series C convertible preferred stock voting together, separately as a single class.

In addition, the stockholders of the Company have entered into a voting agreement pursuant to which one of the holders of Series A convertible preferred stock is permitted to designate two members of the Company's board of directors, which right expires upon an IPO.

***Redemption Rights***

The stockholders holding the majority of the Series A convertible preferred stock had the right to request redemption of their shares at the original issue price for each share plus all declared, but unpaid dividends, commencing on the 121<sup>st</sup> day after the original issue date of September 20, 2018 if certain events had not occurred. In January 2019, the redemption right pursuant to the Series A SPA was waived based on the Company's board of directors' determination regarding the status of certain events, as permitted by the Series A SPA.

***Convertible Preferred Stock Option***

In February 2019, pursuant to the Series A SPA, the Company exercised its right to sell and certain holders of Series A convertible preferred stock were obligated to purchase an additional

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

22,961,250 shares of its Series A preferred stock at \$1.83 per share in exchange for \$42.0 million. See Note 2, *Significant Accounting Policies*.

**11. Common Stock**

As of December 31, 2019 and 2020, there were 11,180,711 shares and 15,569,788 shares of the Company's common stock outstanding, respectively, excluding 13,663,338 shares and 7,562,503 shares, respectively, of RSAs outstanding that are subject to vesting requirements.

The Company is required to reserve sufficient shares of common stock for future issuance upon the conversion of convertible preferred stock. As of December 31, 2020, the Company had reserved 195,021,237 shares of common stock for future issuances related to its Series A, Series B, Series AA and Series C convertible preferred stock.

Each share of the Company's common stock is entitled to one vote, subject to certain voting rights of its Series A, Series B, Series AA and Series C convertible preferred stock.

In March 2020, the Company repurchased 2,032,166 shares of its common stock from a related party for a purchase price of \$11.8 million.

**12. Stock-Based Compensation**

***Equity Incentive Plan***

In 2018, the Company established the 2018 Equity Incentive Plan (the "2018 Plan") under which it may grant incentive stock options, non-statutory stock options, RSAs, restricted stock units, stock appreciation rights, and other stock-based awards. Terms of stock awards, including vesting requirements, are determined by the board of directors or by a committee authorized by the Company's board of directors, subject to provisions of the 2018 Plan. The term of any stock option granted under the 2018 Plan cannot exceed ten years. Generally, awards granted by the Company vest over four years, but may be granted with different vesting terms.

Initially, the Company's board of directors approved a plan that provided for a reserve of 100,000 shares of its common stock for issuance pursuant to awards granted under the 2018 Plan to eligible employees, directors and consultants. The board of directors have approved amendments to the plan to increase the reserve to 42,744,980 shares as of December 31, 2020.

As of December 31, 2020, 5,808,847 shares were available for future issuance pursuant to the 2018 Plan.

Prior to the adoption of the 2018 Plan, the Company issued 20,450,000 of founder's RSAs to certain employees, directors and consultants.

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

**Stock-Based Compensation Expense**

Stock-based compensation expense by classification included within the consolidated statements of operations and comprehensive loss was as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Research and development	\$ 4,926	\$ 14,977
General and administrative	10,806	18,284
Total stock-based compensation expense	<u>\$ 15,732</u>	<u>\$ 33,261</u>

Stock-based compensation expense for the year ended December 31, 2020 includes the impact of stock options modifications. Stock option modifications in 2020 were due to the reduction in the service levels for certain employees, changes in the vesting schedules and an increase to certain awards' post termination exercise window. The total amount of incremental stock-based compensation expense associated with these modifications was \$19.8 million, of which \$5.7 million was recognized for the year ended December 31, 2020. Amounts relating to options that were already vested were recorded on the date of the modification and amounts relating to options that were unvested are expensed over the remaining service life of the options. Stock-based compensation expense also includes the impact of RSA modifications due to reduction in the service levels for certain employees and accelerated vesting, resulting in an incremental expense of \$29.8 million, of which \$11.8 million was recognized for the year ended December 31, 2020.

Stock-based compensation expense for the year ended December 31, 2019 includes the impact of the Company repricing certain stock options in December 2019 by canceling all existing outstanding option grants with a per share exercise price at, and higher than, \$4.78 in exchange for new option grants at an exercise price of \$3.65 per share. Except for the change in exercise price, the new options had the same terms and conditions as the original options, including the contractual term, vesting schedule and the vesting start date. The total amount of incremental stock-based compensation expense associated with the repricing was \$3.3 million, of which, \$0.6 million and \$0.7 million was recognized for the years ended December 31, 2019 and 2020, respectively. Amounts relating to options that were already vested were recorded on the date of the modification and amounts relating to options that were unvested are expensed over the remaining vesting term of the new options. Stock-based compensation expense also includes the impact of the accelerated vesting of certain RSAs in 2019, resulting in an incremental expense of \$8.6 million, which was recorded for the year ended December 31, 2019.

Total stock-based compensation cost related to unvested awards not yet recognized and the weighted- average periods over which the awards are expected to be recognized as of December 31, 2020 were as follows:

Unrecognized stock-based compensation cost (in thousands)	\$ 87,075
Expected weighted-average period compensation cost to be recognized (in years)	2.54

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

**Restricted Stock Awards**

A summary of the Company's RSAs activity were as follows:

	Number of Shares	Weighted-Average Value at Grant Date Per Share
Unvested shares as of December 31, 2018	24,696,373	\$ 0.02
Vested	(9,179,046)	0.03
Forfeited	(1,853,989)	0.10
Unvested shares as of December 31, 2019	13,663,338	0.0001
Vested	(5,344,585)	0.0001
Forfeited	(756,250)	0.0001
Unvested shares as of December 31, 2020	<u>7,562,503</u>	<u>\$ 0.0001</u>

The fair value of RSAs vested during the years ended December 31, 2019 and 2020 was \$33.5 million and \$29.4 million, respectively.

**Stock Options**

A summary of the Company's stock option activity were as follows:

	Number of Stock Options	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Options outstanding as of December 31, 2018	8,460,548	\$ 0.10		
Granted	18,742,669	4.85		
Canceled or forfeited	(175,000)	4.84		
Options outstanding as of December 31, 2019	27,028,217	\$ 2.54		
Granted	12,989,880	5.11		
Exercised	(113,195)	3.29		
Canceled or forfeited	(5,491,013)	3.67		
Options outstanding as of December 31, 2020	<u>34,413,889</u>	<u>\$ 3.33</u>	<u>8.67</u>	<u>\$ 100,223</u>
Options exercisable as of December 31, 2020	<u>19,379,578</u>	<u>\$ 2.25</u>	<u>8.32</u>	<u>\$ 77,244</u>

The fair value of stock options granted to employees, directors and consultants was estimated on the date of grant using the Black-Scholes option pricing model using the following assumptions:

	Year Ended December 31,	
	2019	2020
Risk free interest rate	1.91%	0.79%
Expected volatility	75%	75%
Expected term (in years)	6.08	6.11
Expected dividend yield	0%	0%

The weighted-average grant date fair value of options granted for the years ended December 31, 2019 and 2020 was \$2.24 per share and \$3.36 per share, respectively. The intrinsic value of options

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

exercised during the year ended December 31, 2020 was \$0.3 million. No options were exercised for the year ended December 31, 2019.

### 13. Income Taxes

As of December 31, 2019 and 2020, the Company had U.S. federal net operating loss ("NOL") carryforwards of approximately \$64.4 million and \$116.1 million, respectively, which were available to reduce future taxable income. The Company also had U.S. federal and state tax credits of \$2.3 million and \$5.0 million as of December 31, 2019 and 2020, respectively, which may be used to offset future tax liabilities. The federal NOL carryforward period is indefinite, while the tax credits will begin to expire in 2039. The aforementioned carryforwards may become subject to annual limitations in the event of certain cumulative changes in the ownership interest of significant stockholders. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities.

A reconciliation of income taxes computed using the U.S. federal statutory rate to that reflected in operations follows:

	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
Federal statutory tax	21.00%	21.00%
State tax, net of federal benefit	0.52	4.71
Valuation allowance	(15.27)	(24.60)
Convertible preferred stock tranche liabilities	(5.75)	—
Stock-based compensation	(1.69)	(1.77)
Tax credits	1.24	0.95
Other	(0.05)	(0.29)
Effective income tax rate	<u>0.00%</u>	<u>0.00%</u>

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

The principal components of the Company's net deferred tax assets were as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Deferred tax assets:		
Net operating loss carryforwards	\$ 13,524	\$ 28,692
Tax credit carryforwards	2,318	4,980
Accrued liabilities & allowances	1,797	3,518
Deferred revenue	—	8,997
Amortization	2,095	14,375
Investment basis difference	—	3,334
Lease liability	5,768	13,421
Stock-based compensation	1,038	5,175
Other	95	1,454
Gross deferred tax assets	26,635	83,946
Valuation allowance	(20,734)	(71,093)
Deferred tax assets, net of valuation allowance	5,901	12,853
Deferred tax liabilities:		
Right-of-use asset	(5,201)	(11,221)
Property and equipment	(700)	(1,632)
Deferred tax liabilities	(5,901)	(12,853)
Net deferred tax assets	\$ —	\$ —

The Company maintains a full valuation allowance on its net U.S. deferred tax assets. The assessment regarding whether a valuation allowance is required considers the evaluation of both positive and negative evidence when concluding whether it is more likely than not that deferred tax assets are realizable. In making this assessment, significant weight is given to evidence that can be objectively verified. In its evaluation, the Company considered its cumulative loss in recent years and its forecasted losses in the near-term as significant negative evidence. Based upon a review of the four sources of income identified within ASC 740, *Accounting for Income Taxes* ("ASC 740"), the Company determined that the negative evidence outweighed the positive evidence and a full valuation allowance on its U.S. net deferred tax assets will be maintained. The valuation allowance relates primarily to net U.S. deferred tax assets from net operating loss carryforwards, research and development tax credit carryforwards, research and development expenses capitalized and amortized for tax but deducted for GAAP and stock-based compensation.

The Company will continue to assess the realizability of its deferred tax assets and adjust the valuation allowance as required by ASC 740. The increase in the valuation allowance was \$50.4 million for the year ended December 31, 2020.

The Company evaluates its uncertain tax positions based on a determination of whether it is more likely than not such position will be sustained based upon its technical merits and upon examination by the relevant income tax authorities with all facts known. The Company applies judgment in its measurement of an uncertain tax position recorded in its consolidated financial statements and tax return. As of December 31, 2019 and 2020, the Company had no uncertain tax positions.



**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

The Company is generally subject to examination by the U.S. federal and local income tax authorities for all tax years in which a loss carryforward is available. The Company is currently not under examination by the Internal Revenue Service or other jurisdictions for any tax years.

#### 14. Net Loss Per Share

Basic and diluted net loss per share attributed to common stockholders is calculated by dividing net loss attributed to common stockholders by the weighted average number of common shares outstanding during the period, without consideration for common stock equivalents. The Company's potentially dilutive shares, which include preferred stock, unvested RSAs and options to purchase common stock, are considered to be common stock equivalents and are only included in the calculation of diluted net loss per share when their effect is dilutive.

The amounts in the table below were excluded from the calculation of diluted net loss per share attributed to common stockholders for the periods indicated due to their anti-dilutive effect:

	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
Series A convertible preferred stock	97,933,475	97,386,669
Series B convertible preferred stock	23,929,531	23,929,531
Series AA convertible preferred stock	30,253,189	30,253,189
Series C convertible preferred stock	—	42,905,042
Unvested RSAs	13,663,338	7,562,503
Options to purchase common stock	27,028,217	34,413,889
Total	<u>192,807,750</u>	<u>236,450,823</u>

#### 15. Employee Benefit Plan

In January 2019, the Company adopted a 401(k) retirement and savings plan (the "401(k) Plan") covering all of its employees. The 401(k) Plan allows employees to make pre- and post-tax contributions up to the maximum allowable amount set by the IRS. As of December 31, 2020, the Company had not made any matching contributions to the 401(k) Plan on behalf of participants.

#### 16. Commitments and Contingencies

##### ***Collaboration and License Agreements***

We have entered into certain collaboration and license agreements, including those identified in Note 3, *Collaboration, License and Success Payment Agreements* above, with third parties that include the funding of certain development, manufacturing and commercialization efforts with the potential for future milestone and royalty payments upon the achievement of pre-established developmental, regulatory and/or commercial milestones. The Company's obligation to fund these efforts is contingent upon continued involvement in the programs and/or the lack of any adverse events which could cause the discontinuance of the programs. Due to the nature of these agreements, the future potential payments are inherently uncertain, and accordingly no amounts had been recorded for the potential future achievement of these targets as of December 31, 2019 and 2020.

#### 17. Related-Party Transactions

The Company is party to the GSK Agreement, who is a holder of more than 10% of the Company's equity. See Note 3, *Collaboration, License and Success Payment Agreements*. All revenue

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

recognized for the years ended December 31, 2019 and 2020 as well as deferred revenue and deferred revenue, net of current portion, as of December 31, 2019 and 2020 was in connection with the GSK Agreement.

In March 2020, the Company repurchased 546,806 shares of its Series A convertible preferred stock and 2,032,166 shares of its common stock from a related party. See Note 10, *Convertible Preferred Stock* and Note 11, *Common Stock*.

## **18. Asset Acquisition and Asset Sale**

### **Asset Acquisition**

In May 2020, the Company completed the acquisition of 100% of the outstanding equity of Immulus, Inc. ("Immulus"), a company focused on developing technology platforms that enable the development and production of cell therapeutics. As consideration for the acquisition, the Company paid \$3.5 million in cash and issued an aggregate of 688,463 shares of its common stock, with an estimated fair value of \$4.0 million. The Company also incurred \$0.5 million of direct expenses, for total consideration of \$8.0 million.

The Company concluded the acquisition did not meet the accounting definition of a business as inputs were acquired, but no processes or outputs were acquired. Consequently, the Company accounted for the transaction as an asset acquisition with the value concentrated in IPR&D. The following table summarizes the fair value of assets acquired (in thousands):

Other assets	\$ 487
In-process research and development (IPR&D)	7,528
<b>Total assets acquired</b>	<b>\$ 8,015</b>

The amount allocated to the IPR&D asset was charged to research and development expenses for the year ended December 31, 2020 as this asset had no alternative future use at the time of the acquisition transaction.

In addition, the Company is also required to make milestone payments of up to \$37.0 million to the former stockholders of Immulus upon successful completion of specified development milestones. Triggering of these milestones payments was not considered probable as of the date of the acquisition, and no expense has been recorded for these milestones for the year ended December 31, 2020.

### **Asset Sale**

In November 2020, the Company entered into a contribution agreement with Outpace, wherein the Company contributed tangible and intangible assets consisting of equipment and intellectual property to Outpace. As consideration for the contributed tangible and intangible assets, Outpace issued the Company 3,033,382 shares of its Series A convertible preferred stock with an estimated fair value of \$6.0 million. The carrying amount of the contributed assets was \$1.1 million, which resulted in the Company recognizing a gain in other operating (expense) income, net of \$4.9 million for the year ended December 31, 2020. The Company also acquired 3,539,319 shares of Outpace's Series A convertible preferred stock for a cash investment of \$7.0 million. See Note 5, *Other Investments*.

**Lyell Immunopharma, Inc.**  
**Notes to Consolidated Financial Statements—(Continued)**

**19. Subsequent Events**

From January 1, 2021 to April 12, 2021, the Company granted stock options to purchase 9,371,532 shares of common stock with a weighted-average exercise price of \$6.86 per share to certain employees pursuant to the 2018 Plan. In January 2021, Company's board of directors amended the 2018 Plan to increase the number of shares reserved for issuance thereunder to 47,044,980 shares.

Shares

# Lyell Immunopharma, Inc.

Common Stock



**Goldman Sachs & Co. LLC**

**BofA Securities**

**J.P. Morgan**

**Morgan Stanley**

---

Through and including \_\_\_\_\_, 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

---

---

**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS**

Unless otherwise indicated, all references to “Lyell,” the “company,” “we,” “our,” “us” or similar terms refer to Lyell Immunopharma, Inc.

**Item 13. Other Expenses of Issuance and Distribution.**

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the Securities and Exchange Commission (the SEC) registration fee, the Financial Industry Regulatory Authority, Inc. (FINRA) filing fee and The Nasdaq Global Market (Nasdaq) listing fee.

	<b>Amount Paid or to Be Paid</b>
SEC registration fee	\$ *
FINRA filing fee	*
Nasdaq listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Custodian transfer agent and registrar fees	*
Miscellaneous expenses	*
Total	<u>\$ *</u>

\* To be provided by amendment.

**Item 14. Indemnification of Directors and Executive Officers.**

Section 145 of the DGCL, authorizes a court to award, or a corporation’s board of directors to grant, indemnity to directors and executive officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation that will be in effect immediately after the closing of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the DGCL, and our amended and restated bylaws that will be in effect on the closing of this offering provide that we will indemnify our directors and executive officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the DGCL.

We have entered into indemnification agreements with our directors and executive officers, whereby we have agreed to indemnify our directors and executive officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or executive officer was, or is threatened to be made, a party by reason of the fact that such director or executive officer is or was a director, executive officer, employee, or agent of Lyell, provided that such director or executive officer acted in good faith and in a manner that the director or executive officer reasonably believed to be in, or not opposed to, the best interest of Lyell.

At present, there is no pending litigation or proceeding involving a director or executive officer of Lyell regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

## [Table of Contents](#)

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his capacity as such.

The underwriters are obligated, under certain circumstances, under the underwriting agreement to be filed as Exhibit 1.1 to this Registration Statement, to indemnify us and our officers and directors against liabilities under the Securities Act.

### **Item 15. Recent Sales of Unregistered Securities.**

Set forth below is information regarding unregistered securities issued by us since our inception in June 2018.

#### ***Equity Plan-Related Issuances***

1. We have granted to certain of our directors, employees and consultants options to purchase 49,564,629 shares of our common stock with per share exercise prices ranging from \$0.10 to \$12.67 under the 2018 Plan.
2. We have issued to certain of our directors, employees and consultants an aggregate of 379,122 shares of our common stock at per share purchase prices ranging from \$0.10 to \$6.24 pursuant to exercises of options under the 2018 Plan for an aggregate purchase price of \$1,351,641.
3. We have granted to certain of our directors, employees and consultants 4,263,038 shares of restricted common stock under the 2018 Plan. These issuances were at purchase prices from \$0.0001 to \$0.10 per share for aggregate consideration of \$416,314, payable in cash or consideration for services rendered.

#### ***Other Issuances of Capital Stock***

4. In multiple closings held between September 2018 and December 2018, we issued and sold an aggregate of 20,450,000 shares of restricted common stock. These issuances were at a purchase price of \$0.0001 per share for an aggregate purchase price of \$2,045, payable in cash or transfer of technology.
5. In multiple closings held between September 2018 and February 2019, we issued and sold an aggregate of 97,933,475 shares of our Series A convertible preferred stock at a purchase price of \$1.8288 per share for an aggregate purchase price of \$179,100,739.
6. In December 2018, we issued Fred Hutchinson Cancer Research Center 1,075,000 shares of common stock in consideration for the license agreement.
7. In January 2019, we issued The Board of Trustees of the Leland Stanford Junior University 910,000 shares of common stock in consideration for the license agreement and granted a right for Stanford to purchase an additional \$5.0 million of our Series B convertible preferred stock. In March 2019, Stanford exercised this right and purchased 737,882 shares of our Series B convertible preferred stock.
8. In multiple closings held between March 2019 and May 2019, we issued and sold an aggregate of 23,929,531 shares of our Series B convertible preferred stock at a purchase price of \$6.776145 per share for an aggregate purchase price of \$162,149,972.
9. In May 2019, we entered into a Stock Purchase Agreement with GSK, pursuant to which, in July 2019, we issued and sold 30,253,189 shares of Series AA convertible preferred stock at a price of \$6.776145 per share for an aggregate purchase price of \$204,999,995.

## Table of Contents

10. In January 2020, we issued University of Washington 275,000 shares of common stock in consideration for the license agreement.
11. In March 2020, we issued and sold an aggregate of 42,905,042 shares of our Series C convertible preferred stock at a purchase price of \$11.49049 per share for an aggregate purchase price of \$492,999,956.
12. In May 2020, we issued an aggregate of 688,463 shares of our common stock in consideration for an asset purchase pursuant a stock purchase agreement at a purchase price of \$5.81 per share for an aggregate purchase price of \$3,999,970.

The offers, sales and issuances of the securities described in paragraphs (1) through (3) were deemed to be exempt from registration under Rule 701 promulgated under the Securities Act as transactions under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The recipients of such securities were our directors, employees or bona fide consultants and received the securities under our equity incentive plans. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offers, sales and issuances of the securities described in paragraphs (4) through (12) were deemed to be exempt under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D under the Securities Act as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act and had adequate access, through employment, business or other relationships, to information about us. No underwriters were involved in these transactions.

### **Item 16. Exhibits and Financial Statement Schedules.**

#### **(a) Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
1.1+	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation, as currently in effect.
3.2+	Form of Amended and Restated Certificate of Incorporation, to be in effect immediately after the closing of the offering.
3.3	Bylaws, as currently in effect.
3.4+	Form of Amended and Restated Bylaws, to be in effect immediately after the closing of the offering.
4.1+	Form of Common Stock Certificate.
4.2	Amended and Restated Investors' Rights Agreement, by and among the Registrant and certain of its stockholders, dated March 5, 2020.
5.1+	Opinion of Cooley LLP.
10.1	Lyell Immunopharma, Inc. 2018 Equity Incentive Plan, as amended.

## Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
10.2	Forms of Stock Option Grant Notice, Stock Option Agreement and Notice of Exercise and Restricted Stock Award Agreement under the Lyell Immunopharma, Inc. 2018 Equity Incentive Plan.
10.3+	Lyell Immunopharma, Inc. 2021 Equity Incentive Plan.
10.4+	Forms of Stock Option Grant Notice, Stock Option Agreement and Notice of Exercise under the Lyell Immunopharma, Inc. 2021 Equity Incentive Plan.
10.5+	Forms of Restricted Stock Unit Grant Notice and Award Agreement under the Lyell Immunopharma, Inc. 2021 Equity Incentive Plan.
10.6+	Lyell Immunopharma, Inc. 2021 Employee Stock Purchase Plan.
10.7+	Lyell Immunopharma, Inc. 2021 Non-Employee Director Compensation Policy.
10.8	Lyell Immunopharma, Inc. Officer Severance Plan.
10.9+	Form of Indemnification Agreement by and between the Registrant and its directors and executive officers.
10.10	Amended Offer Letter by and between the Registrant and Richard Klausner, dated July 23, 2020.
10.11	Amended Offer Letter by and between the Registrant and Elizabeth Homans, dated July 23, 2020.
10.12	Offer Letter by and between the Registrant and Charles Newton, dated February 3, 2021.
10.13	Offer Letter by and between the Registrant and Heather Turner, dated February 1, 2019.
10.14	Offer Letter by and between the Registrant and Stephen Hill, dated May 9, 2019.
10.15*	Collaboration and License Agreement by and between the Registrant, GlaxoSmithKline Intellectual Property (No. 5) Limited and Glaxo Group Limited, dated May 23, 2019, as amended.
10.16*	License Agreement by and between the Registrant and The Board of Trustees of the Leland Stanford Junior University, dated January 29, 2019.
10.17	Success Payment Agreement, by and between the Registrant and The Board of Trustees of the Leland Stanford Junior University, dated October 1, 2020.
10.18	Success Payment Agreement, by and between the Registrant and Fred Hutchinson Cancer Research Center, dated December 19, 2018.
10.19	Standard Office Lease for Building C by and between the Registrant and Bre Wa Office Owner LLC, dated August 28, 2019.
10.20	Standard Office Lease for Building E by and between the Registrant and Bre Wa Office Owner LLC, dated August 28, 2019.
10.21	Lease by and between the Registrant and BMR-500 Fairview Avenue LLC, dated November 27, 2018, as amended.
10.22	Lease Agreement by and between the Registrant and ARE-San Francisco No. 65, LLC, dated August 15, 2019, as amended.
10.23	Lease Agreement by and between the Registrant and ARE-East Jamie Court, LLC, dated January 14, 2019, as amended.
23.1+	Consent of independent registered public accounting firm.



## Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
23.2+	Consent of Cooley LLP (included in Exhibit 5.1).
24.1+	Power of Attorney (included on signature page).

+ To be filed by amendment.

\* Portions of this exhibit (indicated by [\*]) have been omitted because the registrant has determined that the information is both not material and is the type that the registrant treats as private or confidential.

### **(b) Financial Statement Schedules.**

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

### **Item 17. Undertakings.**

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act will be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of South San Francisco, State of California on \_\_\_\_\_, 2021.

**LYELL IMMUNOPHARMA, INC.**

By: \_\_\_\_\_

Name: Elizabeth Homans  
Title: Chief Executive Officer

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Elizabeth Homans, Charles Newton and Heather Turner and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ Elizabeth Homans	Chief Executive Officer and Director (Principal Executive Officer)	, 2021
_____ Charles Newton	Chief Financial Officer (Principal Financial and Accounting Officer)	, 2021
_____ Richard D. Klausner, M.D.	Executive Chairman and Director	, 2021
_____ Hans Bishop	Director	, 2021
_____ Otis Brawley, M.D.	Director	, 2021
_____ Catherine Friedman	Director	, 2021
_____ Robert Nelsen	Director	, 2021
_____ William Rieflin	Director	, 2021

**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
LYELL IMMUNOPHARMA, INC.**

(Pursuant to Sections 242 and 245 of the  
General Corporation Law of the State of Delaware)

Lyell Immunopharma, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the “**General Corporation Law**”),

**DOES HEREBY CERTIFY:**

1. That the name of this corporation is Lyell Immunopharma, Inc. and that this corporation was originally incorporated pursuant to the General Corporation Law on June 29, 2018.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

**RESOLVED**, that the Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

**FIRST:** The name of this corporation is Lyell Immunopharma, Inc. (the “**Corporation**”).

**SECOND:** The address of the registered office of the Corporation in the State of Delaware is 3500 South Dupont Highway, City of Dover, County of Kent, Delaware 19901. The name of its registered agent at such address is Incorporating Services, Ltd.

**THIRD:** The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

**FOURTH:** The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 264,905,000 shares of Common Stock, \$0.0001 par value per share (“**Common Stock**”) and (ii) 195,021,237 shares of Preferred Stock, \$0.0001 par value per share (“**Preferred Stock**”).

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

## A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of this Amended and Restated Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

## B. PREFERRED STOCK

97,933,475 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series A Preferred Stock**”, 23,929,531 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series B Preferred Stock**”, 30,253,189 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series AA Preferred Stock**”, and 42,905,042 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series C Preferred Stock**”, in each case, with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to “sections” or “subsections” in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth. As used herein, the “**Original Issue Price**” shall mean \$1.8288 per share with respect to the Series A Preferred Stock, \$6.776145 per share with respect to the Series B Preferred Stock, \$6.776145 per share with respect to the Series AA Preferred Stock and \$11.49049 per share with respect to the Series C Preferred Stock, in each case subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such series of Preferred Stock, as applicable.

### 1. Dividends.

1.1 Non-Cumulative Senior Preferred Stock Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) in any calendar year unless (in addition to the obtaining of any consents required elsewhere in this Amended and Restated Certificate of Incorporation) the holders of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock (the “**Senior Preferred Stock**”) then outstanding shall first receive, or simultaneously receive, out of funds legally available therefor, a dividend on each outstanding share of Senior Preferred Stock in an amount equal to 8% of the Original Issue Price per share of such series of Senior Preferred Stock. The foregoing dividends shall not be cumulative and shall be paid when, as and if declared by the board of directors of the Corporation (the “**Board**”).

1.2 Non-Cumulative Series AA Preferred Stock Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation other than the Senior Preferred Stock (other than dividends on shares of Common Stock payable in shares of Common Stock) in any calendar year unless (in addition to the obtaining of any consents required elsewhere in this Amended and Restated Certificate of Incorporation) the holders of the Series AA Preferred Stock then outstanding shall first receive, or simultaneously receive, out of funds legally available therefor, a dividend on each outstanding share of Series AA Preferred Stock in an amount equal to 8% of the Original Issue Price per share of Series AA Preferred Stock. The foregoing dividends shall not be cumulative and shall be paid when, as and if declared by the Board.

1.3 Participation. If, after dividends in the full preferential amount specified in Subsections 1.1 and 1.2 for the Preferred Stock have been paid or set apart for payment in any calendar year of the Corporation, the Board shall declare additional dividends out of funds legally available therefor in that calendar year, then such additional dividends shall be declared pro rata on the Common Stock and the Preferred Stock on a pari passu basis according to the number of shares of Common Stock held by such holders. For this purpose each holder of shares of Preferred Stock is to be treated as holding the greatest whole number of shares of Common Stock then issuable upon conversion of all shares of Preferred Stock held by such holder pursuant to Sections 4 and 5.

1.4 Non-Cash Dividends. Whenever a dividend provided for in this Section 1 shall be payable in property other than cash, the value of such dividend shall be deemed to be the fair market value of such property as determined in good faith by the Board, including the approval of at least one Series A Director (as defined herein).

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Senior Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Senior Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, and in the event of a Deemed Liquidation Event (as defined below), the holders of shares of Senior Preferred Stock then outstanding shall be entitled to be paid out of the consideration payable to stockholders in such Deemed Liquidation Event or out of the Available Proceeds (as defined below), as applicable, before any payment shall be made to the holders of Common Stock and Series AA Preferred Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the Original Issue Price for such series of Senior Preferred Stock, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of such series of Senior Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the “**Senior Liquidation Amount**”). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Senior Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Senior Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Preferential Payments to Holders of Series AA Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment in full of all Senior Liquidation Amounts required to be paid to the holders of shares of Senior Preferred Stock, the holders of shares of Series AA Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, and in the event of a Deemed Liquidation Event, the holders of shares of Series AA Preferred Stock then outstanding shall be entitled to be paid out of the consideration not payable to the holders of shares of Senior Preferred Stock pursuant to Subsection 2.1 or the remaining Available Proceeds, as the case may be, before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) fifty percent (50%) of the Original Issue Price of Series AA Preferred Stock, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Series AA Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the “**Series AA Liquidation Amount**”). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment in full of all Senior Liquidation Amounts required to be paid to the holders of shares of Senior Preferred Stock, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series AA Preferred Stock the full amount to which they shall be entitled under this Subsection 2.2, the holders of shares of Series AA Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

**2.3 Payments to Holders of Common Stock.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment in full of all Senior Liquidation Amounts and Series AA Liquidation Amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders or, in the case of a Deemed Liquidation Event, the consideration not payable to the holders of shares of Preferred Stock pursuant to Subsections 2.1 and 2.2 or the remaining Available Proceeds, as the case may be, shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

**2.4 Deemed Liquidation Events.**

**2.4.1 Definition.** Each of the following events shall be considered a “**Deemed Liquidation Event**” unless (i) the holders of a majority of the outstanding shares of Senior Preferred Stock voting together as a single class on an as-converted basis (the “**Requisite Holders**”), (ii) only if the holders of the then-outstanding shares of Series B Preferred Stock would receive a lesser amount with respect to such shares of Series B Preferred Stock than would otherwise be allocated to such shares in a Deemed Liquidation Event, the holders of a majority of the Series B Preferred Stock then outstanding and (iii) only if the holders of the then-outstanding shares of Series C Preferred Stock would receive a lesser amount with respect to such shares of Series C Preferred Stock than would otherwise be allocated to such shares in a Deemed Liquidation Event, the holders of a majority of the Series C Preferred Stock then outstanding, elect otherwise by written notice sent to the Corporation at least five days prior to the effective date of any such event:

(a) a merger or consolidation (“**Combination**”) in which (i) the Corporation is a constituent party or (ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such Combination, except any such Combination involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such Combination continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such Combination, a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such Combination, the parent corporation of such surviving or resulting corporation; or

(b) (1) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or (2) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

**2.4.2 Effecting a Deemed Liquidation Event.**

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.4.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the “**Merger Agreement**”) provides that the consideration payable to the stockholders of the Corporation in such Deemed Liquidation Event shall be paid to the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.4.1(a)(ii) or 2.4.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the ninetieth (90<sup>th</sup>) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Preferred Stock, and (iii) if the Requisite Holders so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the “**Available Proceeds**”), on the one hundred fiftieth (150<sup>th</sup>) day after such Deemed Liquidation Event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the applicable Senior Liquidation Amount or Series AA Liquidation Amount, as applicable. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Senior Preferred Stock, the Corporation shall redeem a pro rata portion of each holder’s shares of Senior Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and if (following redemption of all of the Senior Preferred Stock for the full Senior Liquidation Amounts) the remaining Available Proceeds are not sufficient to redeem all outstanding shares of Series AA Preferred Stock, the Corporation shall redeem a pro rata portion of each holder’s shares of Series AA Preferred Stock to the fullest extent of the remaining Available Proceeds, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the remaining Available Proceeds were sufficient to redeem all such shares; and in either case the Corporation shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. Prior to the distribution or redemption provided for in this Subsection 2.4.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

**2.4.3 Amount Deemed Paid or Distributed.** The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities to be paid or distributed to such holders pursuant to such Deemed Liquidation Event. The value of such property, rights or securities shall be determined in good faith by the Board, including the approval of at least one Series A Director.

**2.4.4 Allocation of Escrow and Contingent Consideration.** In the event of a Deemed Liquidation Event pursuant to Subsection 2.4.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the “**Additional Consideration**”), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the “**Initial Consideration**”) shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.4.4, consideration placed into escrow or retained as a holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

### 3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of this Amended and Restated Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class and on an as-converted to Common Stock basis.

3.2 Election of Directors. For so long as any shares of Series A Preferred Stock remain outstanding, the holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect two (2) directors of the Corporation (the “**Series A Directors**”) and the holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation. Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Series A Preferred Stock or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Series A Preferred Stock or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Common Stock and of any other class or series of voting stock (including the Preferred Stock), exclusively and voting together as a single class, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2.

3.3 Senior Preferred Stock Protective Provisions. At any time when shares of Senior Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.



3.3.1 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Deemed Liquidation Event, or consent to any of the foregoing;

3.3.2 amend, alter or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation;

3.3.3 create, or authorize the creation of, or issue shares of, any additional class or series of capital stock unless the same ranks junior to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, or increase the authorized number of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock;

3.3.4 (i) reclassify, alter or amend any existing security of the Corporation that is pari passu with the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock in respect of any such right, preference, or privilege or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or pari passu with the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock in respect of any such right, preference or privilege;

3.3.5 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof, (iv) as approved by the Board, including the approval of at least one Series A Director, or (v) shares of Common Stock and Series A Preferred Stock pursuant to the Repurchase (as defined in the Series C Preferred Stock Purchase Agreement, dated on or about the Series C Original Issue Date (as defined below), by and among the Corporation and the other parties thereto, as such agreement may be amended from time to time);

3.3.6 create, or authorize the creation of, or issue, or authorize the issuance of any debt security or create any lien or security interest (except for purchase money liens or statutory liens of landlords, mechanics, materialmen, workmen, warehousemen and other similar persons arising or incurred in the ordinary course of business) or incur other indebtedness for borrowed money, including but not limited to obligations and contingent obligations under guarantees, or permit any subsidiary to take any such action with respect to any debt security lien, security interest or other indebtedness for borrowed money, other than equipment leases, bank lines of credit or trade payables incurred in the ordinary course, unless such debt security has received the prior approval of the Board, including the approval of at least one Series A Director;

3.3.7 create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or permit any subsidiary to create, or authorize the creation of, or issue or obligate itself to issue, any shares of any class or series of capital stock, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary;

3.3.8 increase the number of shares of Common Stock, Options or other Convertible Securities reserved for issuance under the Corporation's employee stock ownership plan or other equity incentive plan;

3.3.9 increase or decrease the authorized number of directors constituting the Board;

3.3.10 appoint or remove the Chief Executive Officer of the Corporation; or

3.3.11 enter into any agreement to do any of the foregoing.

3.4 Series B Preferred Stock Protective Provisions. At any time when at least 9,751,118 shares of Series B Preferred Stock are outstanding (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock), the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the Series B Preferred Stock then outstanding, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.4.1 amend, alter, waive or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation, if such amendment, alteration, waiver or repeal would alter or change the powers, preferences or rights of the Series B Preferred Stock so as to affect the Series B Preferred Stock adversely, but shall not so affect the Preferred Stock as a class; provided, however, that neither (A) the authorization or issuance of any shares of any new class or series of equity securities nor (B) the inclusion of such equity securities in the definition of "Preferred Stock" in this Amended and Restated Certificate of Incorporation or any amendment or restatement thereof, shall be deemed to require the affirmative vote or written consent of the holders of Series B Preferred Stock pursuant to this Section 3.4; provided further, that any waiver of the preferential payments to holders of Preferred Stock required by Section 2.1 that results in the holders of the then-outstanding shares of Series B Preferred Stock receiving a lesser amount with respect to such shares of Series B Preferred Stock than would otherwise be allocated to such shares in a Deemed Liquidation Event occurring prior to such waiver shall require the affirmative vote or written consent of the holders of a majority of the outstanding shares of Series B Preferred Stock pursuant to this Section 3.4;

3.4.2 increase the authorized number of shares of Series B Preferred Stock; or

3.4.3 amend, alter, waive or repeal this Section 3.4.

3.5 Series AA Preferred Stock Protective Provisions. At any time when at least 4,539,867 shares of Series AA Preferred Stock are outstanding (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series AA Preferred Stock), the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the Series AA Preferred Stock then outstanding, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.5.1 amend, alter, waive or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation, if such amendment, alteration, waiver or repeal would alter or change the powers, preferences or rights of the Series AA Preferred Stock so as to affect the Series AA Preferred Stock adversely, but shall not so affect the Preferred Stock as a class; provided, however, that neither (A) the authorization or issuance of any shares of any new class or series of equity securities nor (B) the inclusion of such equity securities in the definition of "Preferred Stock" in this Amended and Restated Certificate of Incorporation or any amendment or restatement thereof, shall be deemed to require the affirmative vote or written consent of the holders of Series AA Preferred Stock pursuant to this Section 3.5; or

3.5.2 amend, alter, waive or repeal this Section 3.5.

3.6 Series C Preferred Stock Protective Provisions. At any time when at least 17,162,016 shares of Series C Preferred Stock are outstanding (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock), the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the Series C Preferred Stock then outstanding, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.6.1 amend, alter, waive or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation, if such amendment, alteration, waiver or repeal would alter or change the powers, preferences or rights of the Series C Preferred Stock so as to affect the Series C Preferred Stock adversely, but shall not so affect the Preferred Stock as a class; provided, however, that neither (A) the authorization or issuance of any shares of any new class or series of equity securities nor (B) the inclusion of such equity securities in the definition of "Preferred Stock" in this Amended and Restated Certificate of Incorporation or any amendment or restatement thereof, shall be deemed to require the affirmative vote or written consent of the holders of Series C Preferred Stock pursuant to this Section 3.6; provided further, that any waiver of the preferential payments to holders of Preferred Stock required by Section 2.1 that results in the holders of the then-outstanding shares of Series C Preferred Stock receiving a lesser amount with respect to such shares of Series C Preferred Stock than would otherwise be allocated to such shares in a Deemed Liquidation Event occurring prior to such waiver shall require the affirmative vote or written consent of the holders of a majority of the outstanding shares of Series C Preferred Stock pursuant to this Section 3.6;

3.6.2 increase the authorized number of shares of Series C Preferred Stock;

3.6.3 amend or waive the definition of a Qualified Public Offering (as defined below); or

3.6.4 amend, alter, waive or repeal this Section 3.6.

#### 4. Optional Conversion.

The holders of the Preferred Stock shall have conversion rights as follows (the “**Conversion Rights**”):

##### 4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Original Issue Price of such series of Preferred Stock by the Conversion Price (as defined below) of such series of Preferred Stock in effect at the time of conversion. The “**Conversion Price**” for each series of Preferred Stock shall initially be equal to the Original Issue Price for such series of Preferred Stock. Such initial Conversion Price for each series of Preferred Stock, and the rate at which shares of such series of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board, including the approval of at least one Series A Director. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

##### 4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation’s transfer agent at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder’s shares of Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder’s shares are certificated, surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder’s name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the “**Conversion Time**”), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be

outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Amended and Restated Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Conversion Price of a series of Preferred Stock below the then par value of the shares of Common Stock issuable upon conversion of such series of Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Conversion Price for such series of Preferred Stock.

4.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of such series of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Conversion Price for the applicable series of Preferred Stock shall be made for any declared but unpaid dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

- (a) “**Option**” shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.
- (b) “**Series C Original Issue Date**” shall mean the date on which the first share of Series C Preferred Stock was issued.
- (c) “**Convertible Securities**” shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.
- (d) “**Additional Shares of Common Stock**” shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Series C Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, “**Exempted Securities**”):
- (i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Preferred Stock;
  - (ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8;
  - (iii) up to 8,778,894 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) (plus any shares added or remaining available under the Corporation’s 2018 Equity Incentive Plan pursuant to the second sentence of Section 2.1 of such plan, or such larger number approved by the Requisite Holders in accordance with Subsection 3.3) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board, including the approval of at least one Series A Director;
  - (iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;
  - (v) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board, including the approval of at least one Series A Director;
  - (vi) shares of Common Stock, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board, including the approval of at least one Series A Director;

(vii) shares of Common Stock, Options or Convertible Securities issued as acquisition consideration pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided that such issuances are approved by the Board, including the approval of at least one Series A Director; or

(viii) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board, including the approval of at least one Series A Director.

4.4.2 No Adjustment of Conversion Price. No adjustment in the Conversion Price of a series of Preferred Stock shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of a majority of the outstanding shares of such series of Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock. No adjustment in the Conversion Price of the Series A Preferred Stock as well as the Conversion Price of the Series AA Preferred Stock shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of a majority of the outstanding shares of Series A Preferred Stock agreeing that no adjustment shall be made to the Conversion Price of the Series A Preferred Stock as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series C Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Subsection 4.4.4 or 4.4.5, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, such Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing such Conversion Price to an amount which exceeds the lower of (i) the Conversion Price in effect immediately prior to the

original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Subsection 4.4.4 or 4.4.5 (either because the consideration per share (determined pursuant to Subsection 4.4.7) of the Additional Shares of Common Stock subject thereto was equal to or greater than such Conversion Price then in effect (in the case of Subsection 4.4.4) or the Conversion Price of the Series A Preferred Stock then in effect (in the case of Subsection 4.4.5), or because such Option or Convertible Security was issued before the Series C Original Issue Date), are revised after the Series C Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Subsection 4.4.4 or 4.4.5, such Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price of a series of Preferred Stock provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price of a series of Preferred Stock that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to such Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Conversion Price of Senior Preferred Stock Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series C Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per



share less than the Conversion Price of a series of Senior Preferred Stock in effect immediately prior to such issuance or deemed issuance, then such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP<sub>2</sub>" shall mean the Conversion Price of such series of Senior Preferred Stock in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock;

(b) "CP<sub>1</sub>" shall mean the Conversion Price of such series of Senior Preferred Stock in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issuance or deemed issuance or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP<sub>1</sub> (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP<sub>1</sub>); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Adjustment of Conversion Price of Series AA Preferred Stock Upon Issuance of Additional Shares of Common Stock. In the event the Conversion Price of the Series A Preferred Stock is reduced pursuant to Subsection 4.4.4, then the Conversion Price of the Series AA Preferred Stock shall be reduced, concurrently with such reduction, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_{AA2} = CP_{AA1} * (CP_{A2}) \div (CP_{A1}).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP<sub>AA2</sub>" shall mean the Conversion Price of the Series AA Preferred Stock in effect immediately after such adjustment of the Conversion Price of the Series A Preferred Stock;

(b) "CP<sub>AA1</sub>" shall mean the Conversion Price of the Series AA Preferred Stock in effect immediately prior to such adjustment of the Conversion Price of the Series A Preferred Stock;

(c) “CP<sub>A2</sub>” shall mean the Conversion Price of the Series A Preferred Stock in effect immediately after such adjustment of the Conversion Price of the Series A Preferred Stock; and

(d) “CP<sub>A1</sub>” shall mean the Conversion Price of the Series A Preferred Stock in effect immediately prior to such adjustment of the Conversion Price of the Series A Preferred Stock.

#### 4.4.6 Reserved.

4.4.7 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.8 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Subsection 4.4.4 or 4.4.5, and such issuance dates occur within a period of no more than 120 days from the first such issuance to the final such issuance, then, upon the final such issuance, such Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

**4.5 Adjustment for Stock Splits and Combinations.** If the Corporation shall at any time or from time to time after the Series C Original Issue Date effect a subdivision of the outstanding Common Stock, the Conversion Price of each series of Preferred Stock in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series C Original Issue Date combine the outstanding shares of Common Stock, the Conversion Price of each series of Preferred Stock in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

**4.6 Adjustment for Certain Dividends and Distributions.** In the event the Corporation at any time or from time to time after the Series C Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Conversion Price of each series of Preferred Stock in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying such Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, such Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of the corresponding series of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of such series of Preferred Stock had been converted into Common Stock on the date of such event.

**4.7 Adjustments for Other Dividends and Distributions.** In the event the Corporation at any time or from time to time after the Series C Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.4, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not one or more series of Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of each such series of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of such series of Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of such series of Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the applicable Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of such series of Preferred Stock.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price of a series of Preferred Stock pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such series of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which such series of Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of a series of Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Conversion Price of such series of Preferred Stock then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of such series of Preferred Stock.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such

reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

#### 5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public at a price equal to or greater than the Original Issue Price applicable to the Series C Preferred Stock in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least \$50,000,000 of gross proceeds to the Corporation and in connection with such offering the Common Stock is listed for trading on the Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved by the Board, including the approval of at least one Series A Director (a "**Qualified Public Offering**"), or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the Requisite Holders, provided that (x) the separate vote or written consent of the holders of a majority of the Series B Preferred Stock then outstanding shall be required to effect the conversion of the shares of Series B Preferred Stock pursuant to this clause (b) and (y) the separate vote or written consent of the holders of a majority of the Series C Preferred Stock then outstanding shall be required to effect the conversion of the shares of Series C Preferred Stock pursuant to this clause (b) (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), then (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rates as calculated pursuant to Subsection 4.1.1 and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise

issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

6. Reserved.

7. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption.

8. Waiver. Any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the Requisite Holders. Any of the rights, powers, preferences and other terms of the Senior Preferred Stock set forth herein may be waived on behalf of all holders of Senior Preferred Stock by the affirmative written consent or vote of the Requisite Holders. Any of the rights, powers, preferences and other terms of a series of Preferred Stock set forth herein may be waived on behalf of all holders of such series of Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of such series of Preferred Stock then outstanding.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

**FIFTH:** Subject to any additional vote required by this Amended and Restated Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

**SIXTH:** Subject to any additional vote required by this Amended and Restated Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation. Each director shall be entitled to one vote on each matter presented to the Board of Directors; provided, however, that, so long as the holders of Series A Preferred Stock are entitled to elect a Series A Director, the affirmative vote of at least one Series A Director shall be required for the authorization by the Board of Directors of any of the matters set forth in Section 5.5 of the Amended and Restated Investors' Rights Agreement, dated on or about the Series C Original Issue Date, by and among the Corporation and the other parties thereto, as such agreement may be amended from time to time.

**SEVENTH:** Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

**EIGHTH:** Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws of the Corporation.

**NINTH:** To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

**TENTH:** To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not (a) adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification or (b) increase the liability of any director of the Corporation with respect to any acts or omissions of such director, officer or agent occurring prior to, such amendment, repeal or modification.

**ELEVENTH:** The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An “**Excluded Opportunity**” is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee, affiliate or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, the persons referred to in clauses (i) and (ii) are “**Covered Persons**”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person’s capacity as a director of the Corporation while such Covered Person is performing services in such capacity. Any repeal or modification of this Article Eleventh will only be prospective and will not affect the rights under this Article Eleventh in effect at the time of the occurrence of any actions or omissions to act giving rise to liability.

**TWELFTH:** For purposes of Section 500 of the California Corporations Code (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Amended and Restated Certificate of Incorporation from employees, officers, directors or consultants of the Corporation in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board (in addition to any other consent required under this Amended and Restated Certificate of Incorporation), such repurchase may be made without regard to any “preferential dividends arrear amount” or “preferential rights amount” (as those terms are defined in Section 500 of the California Corporations Code). Accordingly, for purposes of making any calculation under California Corporations Code Section 500 in connection with such repurchase, the amount of any “preferential dividends arrear amount” or “preferential rights amount” (as those terms are defined therein) shall be deemed to be zero (0).

**THIRTEENTH:** When the terms of this Certificate of Incorporation refer to a specific document or a decision by any body or person that determines the meaning or operation of a provision hereof, the Secretary of the Corporation shall maintain a copy of such document or decision at the Corporation's headquarters and a copy thereof shall be provided free of charge to any stockholder who makes a request therefor.

\* \* \*

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.



**IN WITNESS WHEREOF**, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 4th day of March, 2020.

By: /s/ Richard Klausner

Richard Klausner, Chief Executive Officer

**SIGNATURE PAGE TO CERTIFICATE OF INCORPORATION**

**LYELL IMMUNOPHARMA, INC.**

a Delaware Corporation

**AMENDED & RESTATED BYLAWS**

As Adopted August 3, 2018

As Amended and Restated March 5, 2020

---

**LYELL IMMUNOPHARMA, INC.**

a Delaware Corporation

**AMENDED & RESTATED BYLAWS**

As Adopted August 3, 2018  
As Amended and Restated March 5, 2020

**ARTICLE I: STOCKHOLDERS**

**Section 1.1: Annual Meetings.** Unless members of the Board of Directors of the Corporation (the “**Board**”) are elected by written consent in lieu of an annual meeting, as permitted by Section 211 of the Delaware General Corporation Law (the “**DGCL**”) and these Bylaws, an annual meeting of stockholders shall be held for the election of directors at such date and time as the Board shall each year fix. The meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine. Any proper business may be transacted at the annual meeting.

**Section 1.2: Special Meetings.** Special meetings of stockholders for any purpose or purposes may be called at any time by the Chairperson of the Board, the Chief Executive Officer, the President, the holders of shares of the Corporation that are entitled to cast not less than ten percent (10%) of the total number of votes entitled to be cast by all stockholders at such meeting, or by a majority of the “**Whole Board**,” which shall mean the total number of authorized directors, whether or not there exist any vacancies in previously authorized directorships. Special meetings may not be called by any other person or persons. If a special meeting of stockholders is called by any person or persons other than by a majority of the members of the Board, then such person or persons shall request such meeting by delivering a written request to call such meeting to each member of the Board, and the Board shall then determine the time and date of such special meeting, which shall be held not more than one hundred twenty (120) days nor less than thirty-five (35) days after the written request to call such special meeting was delivered to each member of the Board. The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine.

**Section 1.3: Notice of Meetings.** Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by law (including, without limitation, as set forth in Section 7.1.1 of these Bylaws) stating the date, time and place, if any, of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation of the Corporation (the “**Certificate of Incorporation**”), such notice shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

**Section 1.4: Adjournments.** The chairperson of the meeting shall have the power to adjourn the meeting to another time, date and place (if any). Any meeting of stockholders may adjourn from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and the means of remote communications (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that

if the adjournment is for more than thirty (30) days, or if a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. To the fullest extent permitted by law, the Board may postpone or reschedule any previously scheduled special or annual meeting of stockholders before it is to be held, in which case notice shall be provided to the stockholders of the new date, time and place, if any, of the meeting as provided in Section 1.3 above.

**Section 1.5: Quorum.** At each meeting of stockholders the holders of a majority of the voting power of the shares of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business, unless otherwise required by applicable law. If a quorum shall fail to attend any meeting, the chairperson of the meeting or the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; *provided, however*, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum.

**Section 1.6: Organization.** Meetings of stockholders shall be presided over by such person as the Board may designate, or, in the absence of such a person, the Chairperson of the Board, or, in the absence of such person, the President of the Corporation, or, in the absence of such person, such person as may be chosen by the holders of a majority of the voting power of the shares entitled to vote who are present, in person or by proxy, at the meeting. Such person shall be chairperson of the meeting and, subject to Section 1.11 hereof, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

**Section 1.7: Voting; Proxies.** Each stockholder entitled to vote at a meeting of stockholders, or to take corporate action by written consent without a meeting, may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as may be required in the Certificate of Incorporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Unless otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock entitled to vote on such matter that are present in person or represented by proxy at the meeting and are voted for or against the matter.

**Section 1.8: Fixing Date for Determination of Stockholders of Record.** In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or to take corporate action by written consent without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other

lawful action, the Board may fix, except as otherwise required by law, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60), nor less than ten (10), days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed by the Board, then the record date shall be as provided by applicable law. To the fullest extent provided by law, a determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting.

**Section 1.9: List of Stockholders Entitled to Vote.** A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network as permitted by law (provided that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the principal place of business of the Corporation. If the meeting is held at a location where stockholders may attend in person, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting.

**Section 1.10: Action by Written Consent of Stockholders.**

1.10.1 **Procedure.** Unless otherwise provided by the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed in the manner permitted by law by the holders of outstanding stock having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, to its principal place of business or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the agent of the Corporation's registered office in the State of Delaware shall be by hand or by certified or registered mail, return receipt requested. Written stockholder consents shall bear the date of signature of each stockholder who signs the consent in the manner permitted by law and shall be delivered to the Corporation as provided in Section 1.10.2 below. No written consent shall be effective to take the action set forth therein unless, within sixty (60) days of the earliest dated consent delivered to the Corporation in the manner required by law, written consents signed by a sufficient number of stockholders to take the action set forth therein are delivered to the Corporation in the manner required by law.

1.10.2 **Form of Consent** A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxy holder, or a person or persons authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other

electronic transmission sets forth or is delivered with information from which the Corporation can determine (a) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxy holder or by a person or persons authorized to act for the stockholder or proxy holder and (b) the date on which such stockholder or proxy holder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the Corporation or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

1.10.3 Notice of Consent. Prompt notice of the taking of corporate action by stockholders without a meeting by less than unanimous written consent of the stockholders shall be given to those stockholders who have not consented thereto in writing and, who, if the action had been taken at a meeting, would have been entitled to notice of the meeting, if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as required by law. If the action which is consented to is such as would have required the filing of a certificate under the DGCL if such action had been voted on by stockholders at a meeting thereof, then if the DGCL so requires, the certificate so filed shall state, in lieu of any statement required by the DGCL concerning any vote of stockholders, that written stockholder consent has been given in accordance with Section 228 of the DGCL.

### **Section 1.11: Inspectors of Elections.**

1.11.1 Applicability. Unless otherwise required by the Certificate of Incorporation or by the DGCL, the following provisions of this Section 1.11 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.11 shall be optional, and at the discretion of the Board.

1.11.2 Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

1.11.3 **Inspector's Oath.** Each inspector of election, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.11.4 **Duties of Inspectors.** At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.11.5 **Opening and Closing of Polls.** The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

1.11.6 **Determinations.** In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with any information provided pursuant to Section 211(a)(2)(B)(i) of the DGCL, or Sections 211(e) or 212(c)(2) of the DGCL, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.11 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

## ARTICLE II: BOARD OF DIRECTORS

**Section 2.1: Number; Qualifications.** The Board shall consist of one or more members. The initial number of directors shall be Two (2), and, thereafter, unless otherwise required by law or the Certificate of Incorporation, shall be fixed from time to time by resolution of a majority of the Whole Board or the stockholders of the Corporation holding at least a majority of the voting power of the Corporation's outstanding stock then entitled to vote at an election of directors. No decrease in the authorized number of directors constituting the Board shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

**Section 2.2: Election; Resignation; Removal; Vacancies.** The Board shall initially consist of the person or persons elected by the incorporator or named in the Corporation's initial Certificate of Incorporation. Each director shall hold office until the next annual meeting of stockholders and until such director's successor is elected and qualified, or until such director's

earlier death, resignation or removal. Any director may resign at any time upon written notice to the Corporation. Subject to the rights of any holders of the Corporation's preferred stock then outstanding: (a) any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors and (b) any vacancy occurring in the Board for any reason, and any newly created directorship resulting from any increase in the authorized number of directors to be elected by all stockholders having the right to vote as a single class, may be filled by the stockholders, by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

**Section 2.3: Regular Meetings.** Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

**Section 2.4: Special Meetings.** Special meetings of the Board may be called by the Chairperson of the Board, the President or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile, electronic mail or other means of electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

**Section 2.5: Remote Meetings Permitted.** Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

**Section 2.6: Quorum; Vote Required for Action.** Subject to Section 2.2 above regarding the ability of the members of the Board to fill a vacancy on the Board, at all meetings of the Board a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time without further notice thereof. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

**Section 2.7: Organization.** Meetings of the Board shall be presided over by the Chairperson of the Board, or in such person's absence by the President, or in such person's absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.



**Section 2.8: Written Action by Directors.** Any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee, respectively, in the minute books of the Corporation. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

**Section 2.9: Powers.** The Board may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and manage and direct all such acts and things as may be exercised or done by the Corporation.

**Section 2.10: Compensation of Directors.** Members of the Board, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

### ARTICLE III: COMMITTEES

**Section 3.1: Committees.** The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

**Section 3.2: Committee Rules.** Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Bylaws.

### ARTICLE IV: OFFICERS

**Section 4.1: Generally.** The officers of the Corporation shall consist of a Chief Executive Officer (who may be the Chairperson of the Board or the President), a Secretary and a Treasurer and may consist of such other officers, including a Chief Financial Officer, Chief Technology Officer and one or more Vice Presidents, as may from time to time be appointed by the Board. All officers shall be elected by the Board; *provided, however*, that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chairperson of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Each officer shall hold office until such person's successor is appointed or until such person's earlier resignation, death or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to the Corporation. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board.

**Section 4.2: Chief Executive Officer.** Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

(a) To act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;

(b) Subject to Article I, Section 1.6, to preside at all meetings of the stockholders;

(c) Subject to Article I, Section 1.2, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and

(d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board has not designated any other officer to be the Chief Executive Officer, then the Chairperson of the Board shall be the Chief Executive Officer.

**Section 4.3: Chairperson of the Board.** The Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Bylaws and as the Board may from time to time prescribe.

**Section 4.4: President.** The Chief Executive Officer shall be the President of the Corporation unless the Board shall have designated one individual as the President and a different individual as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

**Section 4.5: Vice President.** Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

**Section 4.6: Chief Financial Officer.** The Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer.

**Section 4.7: Treasurer.** The Treasurer shall have custody of all moneys and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board or the Chief Executive Officer may from time to time prescribe.

**Section 4.8: Chief Technology Officer.** The Chief Technology Officer shall have responsibility for the general research and development activities of the Corporation, for supervision of the Corporation's research and development personnel, for new product development and product improvements, for overseeing the development and direction of the Corporation's intellectual property development and such other responsibilities as may be given to the Chief Technology Officer by the Board, subject to: (a) the provisions of these Bylaws; (b) the direction of the Board; (c) the supervisory powers of the Chief Executive Officer of the Corporation; and (d) those supervisory powers that may be given by the Board to the Chairperson or Vice Chairperson of the Board.

**Section 4.9: Secretary.** The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

**Section 4.10: Delegation of Authority.** The Board may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

**Section 4.11: Removal.** Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; provided that if the Board has empowered the Chief Executive Officer to appoint any Vice Presidents of the Corporation, then such Vice Presidents may be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

## ARTICLE V: STOCK

**Section 5.1: Certificates.** The shares of capital stock of the Corporation shall be represented by certificates; *provided, however*, that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the adoption of such resolution by the Board, every holder of stock that is a certificated security shall be entitled to have a certificate signed by or in the name of the Corporation by any two authorized officers of the Corporation, including, but not limited to, the Chairperson of the Board, the Vice-Chairperson of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary and any Assistant Secretary of the Corporation, certifying the number of shares owned by such stockholder in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue. If any holder of uncertificated shares elects to receive a certificate, the Corporation (or the transfer agent or registrar, as the case may be) shall, to the extent permitted under applicable law and rules, regulations and listing requirements of any stock exchange or stock market on which the Corporation's shares are listed or traded, cease to provide annual statements indicating such holder's holdings of shares in the Corporation.

**Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates.** The Corporation may issue a new certificate of stock, or uncertificated shares, in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

**Section 5.3: Other Regulations.** The issue, transfer, conversion and registration of stock certificates and uncertificated securities shall be governed by such other regulations as the Board may establish.

## ARTICLE VI: INDEMNIFICATION

**Section 6.1: Indemnification of Officers and Directors.** Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a member of the Board or officer of the Corporation or a Reincorporated Predecessor (as defined below) or is or was serving at the request of the Corporation or a Reincorporated Predecessor as a member of the board of directors, officer or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (for purposes of this Article VI, an "**Indemnitee**"), shall be indemnified and held harmless by the

Corporation to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, provided such Indemnitee acted in good faith and in a manner that the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer and shall inure to the benefit of such Indemnitees' heirs, executors and administrators. Notwithstanding the foregoing, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board. As used herein, the term the "**Reincorporated Predecessor**" means a corporation that is merged with and into the Corporation in a statutory merger where (a) the Corporation is the surviving corporation of such merger and (b) the primary purpose of such merger is to change the corporate domicile of the Reincorporated Predecessor to Delaware.

**Section 6.2: Advance of Expenses.** The Corporation shall pay all expenses (including attorneys' fees) incurred by such an Indemnitee in defending any such Proceeding as they are incurred in advance of its final disposition; *provided, however*, that (a) if the DGCL then so requires, the payment of such expenses incurred by such an Indemnitee in advance of the final disposition of such Proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it should be determined ultimately by final judicial decision from which there is no appeal that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise; and (b) the Corporation shall not be required to advance any expenses to a person against whom the Corporation directly brings a claim, in a Proceeding, alleging that such person has breached such person's duty of loyalty to the Corporation, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

**Section 6.3: Non-Exclusivity of Rights.** The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

**Section 6.4: Indemnification Contracts.** The Board is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

**Section 6.5: Right of Indemnitee to Bring Suit.** The following shall apply to the extent not in conflict with any indemnification contract provided for in Section 6.4 above.

6.5.1 **Right to Bring Suit.** If a claim under Section 6.1 or 6.2 of this Article VI is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (a) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (b) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Indemnitee has not met any applicable standard for indemnification set forth in applicable law.

6.5.2 **Effect of Determination.** Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 **Burden of Proof.** In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

**Section 6.6: Nature of Rights.** The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

## ARTICLE VII: NOTICES

### **Section 7.1: Notice.**

7.1.1 Form and Delivery. Except as otherwise specifically required in these Bylaws (including, without limitation, Section 7.1.2 below) or by law, all notices required to be given pursuant to these Bylaws shall be in writing and may, (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid telegram, cablegram, overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively be delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 7.1.2 of this Article VII by sending such notice by telegram, cablegram, facsimile, electronic mail or other form of electronic transmission. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, (c) in the case of delivery by overnight express courier, when dispatched, and (d) in the case of delivery via telegram, cablegram, facsimile, electronic mail or other form of electronic transmission, when dispatched.

7.1.2 Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given in accordance with Section 232 of the DGCL. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (a) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (b) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; *provided, however,* the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.1.2 shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

7.1.3 Affidavit of Giving Notice. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

**Section 7.2: Waiver of Notice.** Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

## ARTICLE VIII: INTERESTED DIRECTORS

**Section 8.1: Interested Directors.** No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders.

**Section 8.2: Quorum.** Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

## ARTICLE IX: MISCELLANEOUS

**Section 9.1: Fiscal Year.** The fiscal year of the Corporation shall be determined by resolution of the Board.

**Section 9.2: Seal.** The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

**Section 9.3: Form of Records.** Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of, diskettes, CDs, or any other information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

**Section 9.4: Reliance upon Books and Records.** A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.



**Section 9.5: Certificate of Incorporation Governs.** In the event of any conflict between the provisions of the Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

**Section 9.6: Severability.** If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

## ARTICLE X: TRANSFERS OF CAPITAL STOCK

### **Section 10.1: Restriction on Transfer.**

10.1.1 No holder (“**Stockholder**”) of shares of capital stock of the Corporation (“**Shares**”) may transfer, sell, assign, pledge, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, or otherwise in any manner dispose of or encumber, whether voluntarily or by operation of law, or by gift or otherwise (“**transfer**”), Shares or any right or interest therein without the prior written consent of the Board, in its sole discretion, and such holder otherwise complying with the requirements of this Article X. Notwithstanding the foregoing, the Board shall not unreasonably withhold consent from any transfer of the Series B Preferred Stock of the Corporation, the Series C Preferred Stock of the Corporation (together with the Series B Preferred Stock, the “**Transferrable Preferred Stock**”), or any shares of the Common Stock of the Corporation issued upon conversion of the Transferrable Preferred Stock; provided, however, that the Board shall not be obliged to consent to a transfer to a Competitor (as defined in that certain Amended and Restated Investors’ Rights Agreement, dated March 5, 2020, by and among the Corporation and certain investors in the Corporation, as the same may be amended and/or restated from time to time) as reasonably determined by the Board.

10.1.2 The restriction contained in subsection 10.1.1 shall not apply to the following transactions (each, a “**Permitted Transfer**”):

(i) any transfer during the Stockholder’s lifetime by gift or pursuant to domestic relations orders to the Stockholder’s Immediate Family or a trust for the benefit of Stockholder or Stockholder’s immediate family, where “**immediate family**” as used herein shall mean spouse, Spousal Equivalent, lineal descendant or antecedent, parent, sibling, stepchild, stepparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law (and for avoidance of doubt shall include adoptive relationships), and where a person is deemed to be a “**Spousal Equivalent**” provided the following circumstances are true: (a) irrespective of whether or not the relevant person and the Spousal Equivalent are the same sex, they are the sole spousal equivalent of the other for the last twelve (12) months, (b) they intend to remain so indefinitely, (c) neither are married to anyone else, (d) both are at least 18 years of age and mentally competent to consent to contract, (e) they are not related by blood to a degree of closeness that which would prohibit legal marriage in the state in which they legally reside, (f) they are jointly responsible for each other’s common welfare and financial obligations, and (g) they reside together in the same residence for the last twelve (12) months and intend to do so indefinitely;

(ii) any transfer or deemed transfer effected pursuant to the Stockholder's will or the laws of intestate succession;

(iii) any transfer by an entity Stockholder to an Affiliate (as defined below) of such Stockholder, where, for purposes of this Article X, (a) an "**Affiliate**" of an entity Stockholder shall include any individual, firm, corporation, partnership, association, limited liability company, trust or other entity who, directly or indirectly, controls, is controlled by or is under common control with such entity Stockholder or such entity Stockholder's principal, including, without limitation, any general partner, managing member, managing partner, officer or director of such entity Stockholder, such entity Stockholder's principal or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such entity Stockholder or such entity Stockholder's principal, and (b) the terms "**controlling**," "**controlled by**," or "**under common control with**" shall mean the possession, directly or indirectly, of (x) the power to direct or cause the direction of the management and policies of an entity Stockholder, whether through the ownership of voting securities, by contract, or otherwise, or (y) the power to elect or appoint at least 50% of the directors, managers, general partners, or persons exercising similar authority with respect to such entity Stockholder;

(iv) a corporate Stockholder's transfer of all of its shares to a single transferee pursuant to and in accordance with the terms of any *bona fide* merger, consolidation, reclassification of shares or capital reorganization of the corporate Stockholder, or pursuant to a *bona fide* sale of all or substantially all of the stock or assets of a corporate Stockholder, provided in each case that such transfer is not essentially simply a transfer of the Shares without substantial additional assets other than cash or cash equivalents being transferred;

(v) any repurchase or redemption of Shares by the Corporation: (a) at or below cost, upon the occurrence of certain events, such as the termination of employment or services; or (b) at any price pursuant to the Corporation's exercise of a right of first refusal to repurchase such Shares (including the purchase of such Shares by the Corporation's assignee); and/or

(vi) any transfer or deemed transfer approved by a majority of the disinterested members of the Board, even though the disinterested directors are less than a quorum; provided, however, that notwithstanding the foregoing, if a transfer or deemed transfer is approved pursuant to this clause (vi) and the Shares of the transferring Stockholder are subject to co-sale rights (the "**Co-Sale Rights**"), the persons and/or entities entitled to the Co-Sale Rights shall be permitted to exercise their respective Co-Sale Rights in conjunction with such approved transfer or deemed transfer without any additional approval of the Board.

*provided, however*, that each transferee, assignee, or other recipient of any interest in the Shares shall, as a condition to the transfer, agree to be bound by all of the restrictions set forth in these Bylaws.

10.1.3 As a condition to any transfer, the Corporation may, in its sole discretion, (i) require in connection with such transfer of Shares delivery to the Corporation of a written opinion of legal counsel, in form and substance satisfactory to it or its legal counsel in their respective discretion, that such transfer is exempt from applicable federal, state or other securities laws and regulations (a “**Legal Opinion**”), (ii) charge the transferor, transferee or both a transfer fee in such amount as may be reasonably determined by the Corporation’s management in order to recoup the Corporation’s internal and external costs of processing such transfer, due and payable to the Corporation prior to or upon effectiveness of such transfer, and/or (iii) require such transfer to be effected pursuant to a standard form of transfer agreement in such customary and reasonable form as may be determined by the Corporation’s management from time to time in its discretion; *provided however* that the conditions set forth in Sections 10.1.3(i) and 10.1.3(ii) above shall not apply to any transfer in connection with Section 10.1.2(iii) above.

**Section 10.2: Right of First Refusal.**

10.2.1 In addition to and without limiting the effect of Section 10.1, if the Stockholder desires to transfer any of his Shares pursuant to Section 10.1.2(vi) above, then the Stockholder shall first give written notice thereof to the Corporation. The notice shall (i) name the proposed transferee, (ii) state (a) the number of Shares to be transferred, (b) the proposed consideration and (c) all other terms and conditions of the proposed transfer, (iii) be signed by such Stockholder and the proposed purchaser or transferee, (iv) must constitute a binding commitment subject to the Corporation’s right of first refusal as set forth herein, (v) be accompanied by proof satisfactory to the Corporation or its legal counsel that the proposed sale or transfer will not violate any applicable U.S. federal, state or other securities laws, and (vi) offer the Shares at the same price and upon the same terms (or terms as similar as reasonably possible) to the Corporation or its assignee(s). The notice shall not be deemed delivered for purposes of this Section 10.2 until the later of (i) such time as the transferring Stockholder shall have delivered the foregoing notice to the Corporation, (ii) such time as a written opinion of legal counsel, in form and substance satisfactory to the Corporation or its legal counsel in their respective discretion, that the proposed transfer is exempt from applicable federal, state or other securities laws and regulations (a “**Legal Opinion**”) shall have been delivered to the Corporation, (iii) such time as an officer of the Corporation shall have confirmed in writing (including via email) that no such Legal Opinion shall be required with respect to the proposed transfer (or is not required to be delivered until a time reasonably in advance of the consummation of the proposed transfer).

10.2.2 For thirty (30) days following receipt of such notice, the Corporation and/or its assignee shall have the option to purchase all (but not less than all) of the Shares specified in the notice at the price and upon the terms (or terms as similar as reasonably possible) set forth in such notice; provided, however, that, with the consent of the transferring Stockholder, the Corporation shall have the option to purchase a lesser portion of the Shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other transfer in which the proposed transferee is not paying the full price for the Shares, and that is not otherwise exempted from the provisions of this Section 10.2, the price shall be deemed to be the fair market value of the stock at such time as determined in good faith by the Board. In the event

the Corporation elects to purchase all of the Shares or, with consent of the transferring Stockholder, a lesser portion of the Shares, it shall give written notice to the transferring Stockholder of its election and settlement for said Shares shall be made as provided below in the next paragraph.

10.2.3 In the event the Corporation and/or its assignee(s) elect to acquire any of the Shares of the transferring Stockholder as specified in said transferring Stockholder's notice, the Secretary of the Corporation shall so notify the transferring Stockholder and settlement thereof shall be made in cash within sixty (60) days after the Secretary of the Corporation receives said transferring Stockholder's notice; provided that if the terms of payment set forth in said transferring Stockholder's notice were other than cash against delivery, the Corporation and/or its assignee(s) shall pay for said Shares on the same terms and conditions set forth in said transferring Stockholder's notice.

10.2.4 In the event the Corporation and/or its assignees(s) do not elect to acquire all of the Shares specified in the transferring Stockholder's notice, said transferring Stockholder may, within the sixty (60)-day period following the expiration of the option rights granted to the Corporation and/or its assignees(s) herein, transfer the Shares specified in said transferring Stockholder's notice which were not acquired by the Corporation and/or its assignees(s) as specified in said transferring Stockholder's notice. All Shares so sold by said transferring Stockholder shall continue to be subject to the provisions of these Bylaws in the same manner as before said transfer.

10.2.5 Anything to the contrary contained herein notwithstanding, a Permitted Transfer shall be exempt from the provisions of this Section 10.2.

**Section 10.3: Application; Waiver; Termination of Rights; Legend.**

10.3.1 In the case of any transfer permitted hereunder (whether by consent or via an exemption), the transferee, assignee or other recipient shall receive and hold such stock subject to the provisions of these Bylaws, and there shall be no further transfer of such stock except in accordance with these Bylaws. Any proposed transfer on terms and conditions different from those set forth in the notice described in subsection 10.2.1, as well as any subsequent proposed transfer shall again be subject to the foregoing restrictions on transfer, including the Corporation's right of first refusal, and shall require compliance with the procedures described in Sections 10.1 and 10.2.

10.3.2 The provisions of this Article X may be waived with respect to any transfer either by the Corporation, upon duly authorized action of its Board, or by the stockholders of the Corporation, upon the express written consent of the owners of a majority of the voting power of the Corporation (excluding the votes represented by those Shares to be transferred by the transferring Stockholder); provided, however, that such restrictions shall continue to apply to the Shares subsequent to such transfer; provided further that the Board may delegate the power to make any decision to consent to a transfer under Section 10.1 or waive the right of first refusal on behalf of the Corporation under Section 10.2 to either the Corporation's Chief Executive Officer or a committee of executive officers of the Corporation as the Board may determine (subject to such limitations as the Board may determine, if any).

10.3.3 Any sale or transfer, or purported sale or transfer, of securities of the Corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

10.3.4 The restrictions on transfer in Sections 10.1 and 10.2 shall terminate immediately prior to the closing of a firm commitment underwritten public offering of common stock pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended (the “*Securities Act*”). Upon termination of such restrictions, a new certificate or certificates representing the Shares shall be issued, on request, without the legend referred to in subsection 10.3.5 below and delivered to each holder thereof.

10.3.5 The certificates representing shares of stock of the Corporation shall bear on their face the following legend so long as the foregoing restrictions on transfer remain in effect:

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS PROVIDED IN THE BYLAWS OF THE CORPORATION.”

#### **ARTICLE XI: AMENDMENT**

Unless otherwise required by the Certificate of Incorporation, stockholders of the Corporation holding at least a majority of the voting power of the Corporation’s outstanding voting stock then entitled to vote at an election of directors shall have the power to adopt, amend or repeal Bylaws. To the extent provided in the Certificate of Incorporation, the Board shall also have the power to adopt, amend or repeal Bylaws of the Corporation.

**CERTIFICATION OF BYLAWS  
OF  
LYELL IMMUNOPHARMA, INC.**

a Delaware Corporation

I, Heather Turner, certify that I am Secretary of Lyell Immunopharma, Inc., a Delaware corporation (the "***Corporation***"), that I am duly authorized to make and deliver this certification, and that the attached Amended & Restated Bylaws are a true and complete copy of the Bylaws of the Corporation in effect as of the date of this certificate.

Dated: March 5, 2020

/s/ Heather Turner

\_\_\_\_\_  
Heather Turner, Secretary

## AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**"), is made as of the 5<sup>th</sup> day of March, 2020 by and among Lyell Immunopharma, Inc., a Delaware corporation (the "**Company**"), each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**", and any Purchaser (as defined in the Purchase Agreement) that becomes a party to this Agreement in accordance with Section 6.9 hereof.

**RECITALS**

**WHEREAS**, the Company and certain of the Investors are parties to that certain Series C Preferred Stock Purchase Agreement of even date herewith (the "**Purchase Agreement**");

**WHEREAS**, certain of the existing Investors are parties to that certain Amended and Restated Investors' Rights Agreement dated May 23, 2019 by and among the Company and the parties thereto (the "**Prior Agreement**"), and in connection with the Purchase Agreement, the Company and such Investors desire to amend and restate the Prior Agreement in its entirety as set forth herein; and

**WHEREAS**, in order to induce the Company to enter into the Purchase Agreement and to induce certain of the Investors to invest funds in the Company pursuant to the Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of Common Stock issuable to the Investors, to receive certain information from the Company, and to participate in future equity offerings by the Company, and shall govern certain other matters as set forth in this Agreement.

**NOW, THEREFORE**, the parties hereby agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person.

1.2 "**ARCH**" means ARCH Venture Partners IX, L.P. and ARCH Partners IX Overage, L.P. and their Affiliates.

1.3 "**AstraZeneca**" means AstraZeneca AB and its Affiliates.

1.4 "**Board of Directors**" means the board of directors of the Company.

1.5 "**Certificate of Incorporation**" means the Company's Amended and Restated Certificate of Incorporation, as amended and/or restated from time to time.

1.6 "**Common Stock**" means shares of the Company's common stock, par value \$0.0001 per share.

1.7 “**Competitor**” means a Person engaged, directly or indirectly (including through any partnership, limited liability company, corporation, joint venture or similar arrangement (whether now existing or formed hereafter)), in any line of business that the Board of Directors determines in good faith is substantially competitive with the principal business of the Company as presently conducted and proposed to be conducted; but shall not include any financial investment firm or collective investment vehicle that, together with its Affiliates, holds less than twenty percent (20%) of the outstanding equity of any Competitor and does not, nor do any of its Affiliates, have a right to designate any members of the board of directors of any Competitor. In no event shall ARCH, Gemini or Milky Way be considered a Competitor.

1.8 “**Damages**” means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.9 “**Derivative Securities**” means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

1.10 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.11 “**Excluded Registration**” means (i) a registration relating to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, equity incentive or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.12 “**Form S-1**” means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.13 “**Form S-3**” means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits forward incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.14 “**GAAP**” means generally accepted accounting principles in the United States as in effect from time to time.

1.15 “**Gemini**” means Gemini Investments, L.P. and its Affiliates.

1.16 “**GSK**” means Glaxo Group Limited and its Affiliates.



1.17 “**Holder**” means any holder of Registrable Securities who is a party to this Agreement.

1.18 “**Immediate Family Member**” means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including, adoptive relationships, of a natural person referred to herein.

1.19 “**Initiating Holders**” means, collectively, Holders who properly initiate a registration request under this Agreement.

1.20 “**IPO**” means the Company’s first underwritten public offering of its Common Stock under the Securities Act.

1.21 “**Key Employee**” means any executive-level employee (including, division director and vice president-level positions) as well as any employee who, either alone or in concert with others, develops, invents, programs, or designs any Company Intellectual Property (as defined in the Purchase Agreement).

1.22 “**Major Investor**” means any Investor that, individually or together with such Investor’s Affiliates, holds at least 7,736,917 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof); provided, however, that (i) GSK shall be considered a “Major Investor” for purposes of Section 4 only for so long as GSK, together with GSK’s Affiliates, holds at least 4,539,867 shares of Common Stock issuable or issued upon conversion of Series AA Preferred Stock (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof) and the Board of Directors has not reasonably determined that GSK is a Competitor, and GSK shall not be considered a “Major Investor” for any other purpose under this Agreement; and (ii) AstraZeneca shall be considered a “Major Investor” for so long as AstraZeneca, together with AstraZeneca’s Affiliates, holds at least 1,227,102 shares of Common Stock issuable or issued upon conversion of Series C Preferred Stock (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

1.23 “**Milky Way**” means Milky Way Investments Group Limited and its Affiliates.

1.24 “**New Securities**” means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities.

1.25 “**Person**” means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.26 “**Preferred Stock**” means shares of the Company’s Series A Preferred Stock, Series B Preferred Stock, Series AA Preferred Stock and Series C Preferred Stock.

1.27 “**Registrable Securities**” means (i) (A) except for the purposes of the expression “majority of the Registrable Securities” as used herein, the Common Stock issuable or issued upon conversion of the Preferred Stock; and (B) for the purposes of the expression “majority of the Registrable Securities” (including “majority of the Registrable Securities then outstanding”) as used herein,

the Common Stock issuable or issued upon conversion of the Senior Preferred Stock; (ii) any Common Stock, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, acquired by the Investors after the date hereof; and (iii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i) and (ii) above; excluding (a) in all cases, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 6.1 and (b) for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.13 of this Agreement.

1.28 “**Registrable Securities then outstanding**” means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.29 “**Restricted Securities**” means the securities of the Company required to be notated with the legend set forth in Subsection 2.12(b) hereof.

1.30 “**SEC**” means the Securities and Exchange Commission.

1.31 “**SEC Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.

1.32 “**SEC Rule 145**” means Rule 145 promulgated by the SEC under the Securities Act.

1.33 “**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.34 “**Selling Expenses**” means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.6.

1.35 “**Senior Preferred Stock**” means shares of the Company’s Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock.

1.36 “**Series A Director**” means any director of the Company that the holders of record of the Series A Preferred Stock are entitled to elect, exclusively and as a separate class, pursuant to the Certificate of Incorporation.

1.37 “**Series A Preferred Stock**” means shares of the Company’s Series A Preferred Stock, par value \$0.0001 per share.

1.38 “**Series AA Preferred Stock**” means shares of the Company’s Series AA Preferred Stock, par value \$0.0001 per share.

1.39 “**Series B Preferred Stock**” means shares of the Company’s Series B Preferred Stock, par value \$0.0001 per share.

1.40 “**Series C Preferred Stock**” means shares of the Company’s Series C Preferred Stock, par value \$0.0001 per share.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the earlier of (i) five (5) years after the date hereof or (ii) one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Investors holding not less than forty percent (40%) of the Registrable Securities, which Investors must include Major Investors holding not less than forty percent (40%) of the Registrable Securities then held by all Major Investors, that the Company file a Form S-1 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least \$35 million, then the Company shall (x) within ten (10) days after the date such request is given, give notice thereof (the “**Demand Notice**”) to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Major Investors holding not less than twenty percent (20%) of the Registrable Securities then held by all Major Investors that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least \$20 million, then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company’s chief executive officer stating that in the good faith judgment of the Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than one hundred twenty (120) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such one hundred twenty (120) day period other than pursuant to a registration relating

to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, equity incentive or similar plan; a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a) (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two registrations pursuant to Subsection 2.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(b) (i) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two registrations pursuant to Subsection 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Subsection 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 2.1(d); provided, that if such withdrawal is during a period the Company has deferred taking action pursuant to Subsection 2.1(c), then the Initiating Holders may withdraw their request for registration and such registration will not be counted as "effected" for purposes of this Subsection 2.1(d).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.6.

### 2.3 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Board of Directors and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's

Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 2.3, if the underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below thirty percent (30%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the provision in this Subsection 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

**2.4 Obligations of the Company.** Whenever required under this Section 2.4 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred

twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to



information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

**2.9 Reports Under Exchange Act.** With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

**2.10 Limitations on Subsequent Registration Rights.** From and after the date hereof, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would (i) allow such holder or prospective holder to include such

securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included; or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder; provided that this limitation shall not apply to Registrable Securities acquired by any additional Investor that becomes a party to this Agreement in accordance with Subsection 6.9.

2.11 “Market Stand-off” Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company for its own behalf of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock held immediately before the effective date of the registration statement or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.11 shall apply only to the IPO, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, or the transfer of any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, and shall be applicable to the Holders only if all officers and directors are subject to the same restrictions and the Company uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than one percent (1%) of the Company’s outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock). The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.11 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Company stockholders that are subject to such agreements, based on the number of shares subject to such agreements.

#### 2.12 Restrictions on Transfer.

(a) The Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing (i) the Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.12(c)) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.12.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144; or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.12. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12(b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1 or 2.2 shall terminate upon the earliest to occur of:

(a) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation;

(b) such time after consummation of the IPO as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration; or

(c) the fifth anniversary of the IPO.

### 3. Information and Inspection Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to each Major Investor, provided that the Board of Directors has not reasonably determined that such Major Investor is a Competitor:

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and a comparison between (x) the actual amounts as of and for such fiscal year and (y) the comparable amounts for the prior year and as included in the Budget (as defined in Subsection 3.1(d)) for such year, with an explanation of any material differences between such amounts and a schedule as to the sources and applications of funds for such year, and (iii) a statement of stockholders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of nationally or regionally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company and within ninety (90) days after the end of the last quarter of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event within forty-five (45) days after the end of each quarter of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Major Investors to calculate their respective percentage equity ownership in the Company;

(d) as soon as practicable, but in any event within sixty (60) days after the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the "**Budget**"), approved by the Board of Directors (including at least one Series A Director), and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company; and

(e) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Major Investor may from time to time reasonably request; provided, however, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or similarly confidential information (unless covered by an enforceable confidentiality agreement, in a form acceptable to the Company); or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date sixty (60) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

**3.2 Inspection.** The Company shall permit each Major Investor (provided that the Board of Directors has not reasonably determined that such Major Investor is a Competitor), at such Major Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or similarly confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

**3.3 Observer Rights.** As long as ARCH owns not less than twenty percent (20%) of the shares of the Series A Preferred Stock purchased by it under that certain Series A Preferred Stock Purchase Agreement, dated September 20, 2018 and amended from time to time (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite a representative of ARCH to attend all meetings of the Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that such representative shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest.

**3.4 Termination of Information and Observer Rights.** The covenants set forth in Subsection 3.1, Subsection 3.2 and Subsection 3.3 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

3.5 **Confidentiality.** Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 3.5 by such Investor), (b) is or has been independently developed or conceived by such Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to such Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Subsection 3.5; (iii) to any Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, regulation, rule, court order or subpoena, provided that such Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

#### 4. Rights to Future Stock Issuances.

4.1 **Rights of First Offer.** Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Major Investor. A Major Investor shall be entitled to apportion the right of first offer hereby granted to it among itself and its Affiliates in such proportions as it deems appropriate; provided that any Investor that the Board of Directors has reasonably determined to be a Competitor shall not be entitled to any rights as a Major Investor under this Subsection 4.1.

(a) The Company shall give notice (the "**Offer Notice**") to each Major Investor, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within twenty (20) days after the Offer Notice is given, each Major Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock then held by such Major Investor (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held by such Major Investor) bears to the total Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all Preferred Stock and any other Derivative Securities then outstanding). At the expiration of such twenty (20) day period, the Company shall promptly notify each Major Investor that elects to purchase or acquire all the shares available to it (each, a "**Fully Exercising Investor**") of any other Major Investor's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which Major Investors were

entitled to subscribe but that were not subscribed for by the Major Investors which is equal to the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of Preferred Stock and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares. The closing of any sale pursuant to this Subsection 4.1(b) shall occur within the later of ninety (90) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1(c).

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(b), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Major Investors in accordance with this Subsection 4.1.

(d) The right of first offer in this Subsection 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Certificate of Incorporation); (ii) shares of Common Stock issued in the IPO; and (iii) the issuance of shares of Series C Preferred Stock pursuant to the Purchase Agreement.

4.2 Termination. The covenants set forth in Subsection 4.1 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

#### 5. Additional Covenants.

5.1 Insurance. The Company shall use commercially reasonable efforts to maintain Directors and Officers liability insurance obtained from financially sound and reputable insurers in an amount and on terms and conditions satisfactory to the Board of Directors, including both Series A Directors, until such time as the Board of Directors determines that such insurance should be discontinued.

5.2 Employee Agreement. The Company will cause (i) each Person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) with access to confidential information and/or trade secrets to enter into a nondisclosure and proprietary rights assignment agreement; and (ii) each Key Employee to enter into a one (1) year nonsolicitation agreement, in a form reasonably acceptable to the Board of Directors, including at least one Series A Director. In addition, the Company shall not amend, modify, terminate, waive, or otherwise alter, in whole or in part, any of the above-referenced agreements or any restricted stock agreement between the Company and any employee, without the unanimous consent of the Series A Directors.

5.3 Employee Stock. Unless otherwise approved by the Board of Directors, including at least one Series A Director, all future employees and consultants of the Company who purchase, receive options to purchase, or receive awards of shares of the Company's capital stock after the date hereof shall be required to execute restricted stock or option agreements, as applicable, providing for (i) vesting of shares over a four (4) year period, with the first twenty-five percent (25%) of such shares vesting following twelve (12) months of continued employment or service, and the remaining shares vesting in equal monthly installments over the following thirty-six (36) months, and (ii) a market stand-off provision substantially similar to that in Subsection 2.11. Without the prior approval by the Board of Directors, including at least one Series A Director, the Company shall not amend, modify, terminate, waive or otherwise alter, in whole or in part, any stock purchase, stock restriction or option agreement with any existing employee or service provider if such amendment would cause it to be inconsistent with this Subsection 5.3. In addition, unless otherwise approved by the Board of Directors, including at least one Series A Director, the Company shall retain (and not waive) a "right of first refusal" on employee transfers until the Company's IPO and shall have the right to repurchase unvested shares at cost upon termination of employment of a holder of restricted stock.

5.4 Qualified Small Business Stock. The Company shall use commercially reasonable efforts to cause the shares of Series A Preferred Stock originally issued on September 20, 2018, as well as any shares into which such shares are converted, within the meaning of Section 1202(f) of the Internal Revenue Code (the "Code"), to constitute "qualified small business stock" as defined in Section 1202(c) of the Code; provided, however, that such requirement shall not be applicable if the Board of Directors of the Company determines, in its good-faith business judgment, that such qualification is inconsistent with the best interests of the Company. The Company shall submit to its stockholders (including the Investors) and to the Internal Revenue Service any reports that may be required under Section 1202(d)(1)(C) of the Code and the regulations promulgated thereunder. In addition, within twenty (20) business days after any Investor's written request therefor, the Company shall, at its option, either (i) deliver to such Investor a written statement indicating whether (and what portion of) such Investor's interest in the Company constitutes "qualified small business stock" as defined in Section 1202(c) of the Code or (ii) deliver to such Investor such factual information in the Company's possession as is reasonably necessary to enable such Investor to determine whether (and what portion of) such Investor's interest in the Company constitutes "qualified small business stock" as defined in Section 1202(c) of the Code.

5.5 Matters Requiring Investor Director Approval. So long as the holders of Series A Preferred Stock are entitled to elect a Series A Director, the Company hereby covenants and agrees with each of the Investors that it shall not, without approval of the Board of Directors, which approval must include the affirmative vote of at least one of the Series A Directors:

(a) make, or permit any subsidiary to make, any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company;

(b) make, or permit any subsidiary to make, any loan or advance to any Person, including, without limitation, any employee or director of the Company or any subsidiary, except advances and similar expenditures in the ordinary course of business or under the terms of an employee stock or option plan approved by the Board of Directors;

(c) guarantee, directly or indirectly, or permit any subsidiary to guarantee, directly or indirectly, any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;

(d) make any investment inconsistent with any investment policy approved by the Board of Directors;



(e) incur any aggregate indebtedness in excess of \$250,000 that is not already included in a budget approved by the Board of Directors, other than trade credit incurred in the ordinary course of business;

(f) otherwise enter into or be a party to any transaction with any director, officer, or employee of the Company or any “associate” (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such Person, except for transactions contemplated by the Purchase Agreement;

(g) hire, terminate, or change the compensation of the executive officers, including approving any option grants or stock awards to executive officers;

(h) change the principal business of the Company, enter new lines of business, or exit the current line of business;

(i) sell, assign, license, pledge, or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business; or

(j) enter into any corporate strategic relationship involving the payment, contribution, or assignment by the Company or to the Company of money or assets greater than \$10,000,000.

5.6 Board Matters. Unless otherwise determined by the vote of a majority of the directors then in office, the Board of Directors shall meet at least quarterly in accordance with an agreed-upon schedule. The Company shall reimburse the nonemployee directors for all reasonable out-of-pocket travel expenses incurred (consistent with the Company’s travel policy) in connection with attending meetings of the Board of Directors. The Company shall cause to be established, as soon as practicable after such request, and will maintain, an audit and compensation committee, each of which shall consist solely of non-management directors. Each Series A Director shall be entitled in such person’s discretion to be a member of any committee of the Board of Directors.

5.7 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Company’s Bylaws, the Certificate of Incorporation, or elsewhere, as the case may be.

5.8 Expenses of Counsel. In the event of a transaction which is a Sale of the Company (as defined in the Voting Agreement of even date herewith among the Investors, the Company and the other parties named therein), the reasonable fees and disbursements, not to exceed \$50,000, of one counsel for the Major Investors (“**Investor Counsel**”), in their capacities as stockholders, shall be borne and paid by the Company. At the outset of considering a transaction which, if consummated would constitute a Sale of the Company, the Company shall obtain the ability to share with the Investor Counsel (and such counsel’s clients) and shall share the confidential information (including, without limitation, the initial and all subsequent drafts of memoranda of understanding, letters of intent and other transaction documents and related noncompete, employment, consulting and other compensation agreements and plans) pertaining to and memorializing any of the transactions which, individually or when aggregated with others would constitute the Sale of the Company. The Company shall be obligated to share (and cause the

Company's counsel and investment bankers to share) such materials when distributed to the Company's executives and/or any one or more of the other parties to such transaction(s). In the event that Investor Counsel deems it appropriate, in its reasonable discretion, to enter into a joint defense agreement or other arrangement to enhance the ability of the parties to protect their communications and other reviewed materials under the attorney client privilege, the Company shall, and shall direct its counsel to, execute and deliver to Investor Counsel and its clients such an agreement in form and substance reasonably acceptable to Investor Counsel. In the event that one or more of the other party or parties to such transactions require the clients of Investor Counsel to enter into a confidentiality agreement and/or joint defense agreement in order to receive such information, then the Company shall share whatever information can be shared without entry into such agreement and shall, at the same time, in good faith work expeditiously to enable Investor Counsel and its clients to negotiate and enter into the appropriate agreement(s) without undue burden to the clients of Investor Counsel.

5.9 Indemnification Matters. The Company hereby acknowledges that one (1) or more of the directors nominated to serve on the Board of Directors by the Investors (each an "**Investor Director**") may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their Affiliates (collectively, the "**Investor Indemnitors**"). The Company hereby agrees (a) that it is the indemnitor of first resort (*i.e.*, its obligations to any such Investor Director are primary and any obligation of the Investor Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Investor Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Investor Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Investor Director to the extent legally permitted and as required by the Company's Certificate of Incorporation or Bylaws of the Company (or any agreement between the Company and such Investor Director), without regard to any rights such Investor Director may have against the Investor Indemnitors, and, (c) that it irrevocably waives, relinquishes and releases the Investor Indemnitors from any and all claims against the Investor Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Investor Indemnitors on behalf of any such Investor Director with respect to any claim for which such Investor Director has sought indemnification from the Company shall affect the foregoing and the Investor Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Investor Director against the Company. The Investor Directors and the Investor Indemnitors are intended third-party beneficiaries of this Subsection 5.9 and shall have the right, power and authority to enforce the provisions of this Subsection 5.9 as though they were a party to this Agreement.

5.10 Right to Conduct Activities. The Company hereby agrees and acknowledges that ARCH (together with its Affiliates), Gemini (together with its Affiliates), Milky Way (together with its Affiliates), WuXi PharmaTech Healthcare Fund I L.P. ("**WuXi**") (together with its Affiliates) and Foresite Capital Fund IV, L.P. ("**Foresite**") (together with its Affiliates) are each professional investment organizations, and that each of GSK (together with its Affiliates) and AstraZeneca (together with its Affiliates) engages in "corporate venture" and other investment activities, and as such each of ARCH (and its Affiliates), Gemini (and its Affiliates), Milky Way (and its Affiliates), WuXi (and its Affiliates), Foresite (and its Affiliates), GSK (and its Affiliates) and AstraZeneca (and its Affiliates) review the business plans and related proprietary information of many enterprises, some of which may compete directly or indirectly with the Company's business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, ARCH (and its Affiliates), Gemini (and its Affiliates), Milky Way (and its Affiliates), WuXi (and its Affiliates), Foresite (and its Affiliates), GSK (and its Affiliates) and AstraZeneca (and its Affiliates) shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by ARCH (or its Affiliates),

Gemini (or its Affiliates), Milky Way (or its Affiliates), WuXi (or its Affiliates), Foresite (or its Affiliates), GSK (or its Affiliates) or AstraZeneca (or its Affiliates) in any entity competitive with the Company, or (ii) actions taken by any partner, officer, employee or other representative of ARCH (or its Affiliates), Gemini (or its Affiliates), Milky Way (or its Affiliates), WuXi (or its Affiliates), Foresite (or its Affiliates), GSK (or its Affiliates) or AstraZeneca (or its Affiliates) to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) any of the Investors from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

5.11 Termination of Covenants. The covenants set forth in this Section 5, except for Subsections 5.7, 5.9 and 5.10 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

5.12 Use of Investor Names. Neither the Company nor any Investor shall use the name of any other Investor in any press release, published notice or other publication relating to any Investor's investment in the Company without the prior written consent of such Investor. For the avoidance of doubt, the Company and the Investors may advise their respective tax, legal or other professional advisors, other investors and prospective investors of the fact of the investment by the Investors in the Company, provided that such persons are obligated to keep such information confidential, and may make any other disclosure regarding the Investors' investment in the Company required by law or legal process provided that the Company or the Investor, as applicable provides each affected Investor reasonable advance notice of such disclosure.

## 6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds (a) at least 1,000,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations) or (b) all of the shares of Registrable Securities held by the transferor prior to such transfer; provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall, as a condition to the applicable transfer, establish a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

6.3 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices.

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 6.5. If notice is given to the Company, a copy (which shall not constitute notice) shall also be sent to Cooley LLP, 101 California Street, 5<sup>th</sup> Floor, San Francisco, CA 94111, Attn: David Peinsipp.

(b) Consent to Electronic Notice. Each Investor consents to the delivery of any stockholder notice pursuant to the Delaware General Corporation Law (the "DGCL"), as amended or superseded from time to time, by electronic transmission pursuant to Section 232 of the DGCL (or any successor thereto) at the electronic mail address or the facsimile number as on the books of the Company. Each Investor agrees to promptly notify the Company of any change in such Investor's electronic mail address, and that failure to do so shall not affect the foregoing.

6.6 Amendments and Waivers. Any term of this Agreement may be amended, modified or terminated and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2.12(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.12(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, (a) this Agreement may not be amended, modified or terminated and the observance of any term hereof may not be waived with respect to any Investor or series of Preferred Stock without the written

consent of such Investor or holders of a majority of the outstanding shares of such series of Preferred Stock, unless such amendment, modification, termination, or waiver applies to all Investors or each series of Preferred Stock, as the case may be, in the same fashion (it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Investors may nonetheless, by agreement with the Company, purchase securities in such transaction), (b) Subsections 3.1 and 3.2, Section 4 and any other section of this Agreement applicable to the Major Investors (including this clause (b) of this Subsection 6.6) may not be amended, modified, terminated or waived without the written consent of the holders of at least a majority of the Registrable Securities then outstanding and held by the Major Investors, (c) Subsection 3.3 may not be amended, modified, terminated or waived without the written consent of ARCH, and (d) notwithstanding any waiver of any of the provisions of Section 4 with respect to a particular offering of New Securities, in the event any Major Investor that elected to waive Section 4 with respect to such offering (each, a “**Waiving Investor**”) actually purchases any such New Securities in such offering, then each other Major Investor shall be permitted to participate in such offering on a pro rata basis (based on the pro rata level of participation of the Waiving Investor purchasing the largest portion of such Waiving Investor’s pro rata share of the New Securities), in accordance with the other provisions (including notice and election periods) set forth in Section 4. Notwithstanding the foregoing, Schedule A hereto may be amended by the Company from time to time to add transferees of any Registrable Securities in compliance with the terms of this Agreement without the consent of the other parties; and Schedule A hereto may also be amended by the Company after the date hereof without the consent of the other parties to add information regarding any additional Investor who becomes a party to this Agreement in accordance with Subsection 6.9. The Company shall give prompt notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination, or waiver. Any amendment, modification, termination, or waiver effected in accordance with this Subsection 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate. Shares of Registrable Securities held by each of Milky Way, Gemini and their respective Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and the bylaws of the Company (including Major Investor status) and such persons may apportion and assign such rights as among themselves in any manner they deem appropriate.

6.9 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company’s Preferred Stock after the date hereof, whether pursuant to the Purchase Agreement or otherwise, any purchaser of such shares of Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an “Investor” for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an “Investor” hereunder.

6.10 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

6.11 Dispute Resolution. Any unresolved controversy or claim arising out of or relating to this Agreement, except as (i) otherwise provided in this Agreement, or (ii) any such controversies or claims arising out of either party's intellectual property rights for which a provisional remedy or equitable relief is sought, shall be submitted to arbitration by one arbitrator mutually agreed upon by the parties, and if no agreement can be reached within thirty (30) days after names of potential arbitrators have been proposed by the American Arbitration Association (the "AAA"), then by one arbitrator having reasonable experience in corporate finance transactions of the type provided for in this Agreement and who is chosen by the AAA. The arbitration shall take place in Wilmington, Delaware, in accordance with the AAA rules then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction thereof. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with the Delaware Code of Civil Procedure, the arbitrator shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.12 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.13 Amendments of Prior Agreement. Effective and contingent upon execution of this Agreement by (a) the Company and (b) the holders of a majority of the outstanding Registrable Securities (as defined in the Prior Agreement), the Prior Agreement is hereby amended and restated in its entirety to read as set forth in this Agreement, and the Company and Investors hereby agree to be bound by the provisions hereof as the sole agreement of the parties with respect to the rights set forth herein.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**COMPANY:**

**LYELL IMMUNOPHARMA, INC.**

By: /s/ Richard D. Klausner

Name: Richard D. Klausner

Title: Chief Executive Officer

**SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**MILKY WAY INVESTMENTS GROUP LIMITED**

By: /s/ Despoina Zinonos

Print Name: Despoina Zinonos

Title: President

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**WUXI PHARMATECH HEALTHCARE FUND I L.P.**

By: /s/ Edward Hu

Name: Edward Hu

Title: Authorized Signatory

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**AstraZeneca AB**

By: /s/ Yvonne Bertlin

Print Name: Yvonne Bertlin

Title: CFO

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**GV 2019, L.P.**

By: GV 2019 GP, L.P., its General Partner

Its: GV 2019 GP, L.L.C., its General Partner

By: /s/ Daphne M. Chang

Name: Daphne M. Chang

Title: Authorized Signatory

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**SCC Growth V 2020-A, L.P.**

By: /s/ Ip Siu Wai Eva

Name: Ip Siu Wai Eva

Title: Authorized Signatory

**SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**FORESITE CAPITAL FUND IV, L.P.**

By: Foresite Capital Management IV, LLC  
Its: General Partner

By: /s/ Dennis D. Ryan  
Name: Dennis D. Ryan  
Title: Chief Financial Officer

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**ARCH VENTURE FUND IX, L.P.**

By: ARCH Venture Partners IX, L.P.,  
its General Partner

By: ARCH Venture Partners IX, LLC,  
its General Partner

By: /s/ Mark McDonnell

Name: Mark McDonnell

Title: Managing Director

**ARCH VENTURE FUND IX OVERAGE, L.P.**

By: ARCH Venture Partners IX Overage, L.P.,  
its General Partner

By: ARCH Venture Partners IX, LLC,  
its General Partner

By: /s/ Mark McDonnell

Name: Mark McDonnell

Title: Managing Director

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**HH LYL HOLDINGS LIMITED**

By: /s/ Colm John O' Connell

Print Name: Colm John O' Connell

Title: Authorized Signatory

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**MDC CAPITAL PARTNERS (VENTURES) LP**  
acting by its general partner,  
**MDC Capital Partners (Ventures) GP, LP**  
itself acting by its general partner,  
**MDC Capital Partners (Ventures) GP, LLC**

By: /s/ Howard Caro

Name: Howard Caro

Title: Authorized Signatory

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**Richard D. Klausner and Rachel D.  
Klausner, Trustees of the Klausner Family  
Revocable Trust of May 8, 2014**

By: /s/ Richard Klausner

Print Name: Richard Klausner

By: /s/ Rachel D. Klausner

Print Name: Rachel D. Klausner

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**GEMINI INVESTMENTS, L.P.**

By: Gemini GP Limited  
Its: General Partner

By: /s/ David Muir  
Name: David Muir  
Title: President

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**THE NGM FAMILY TRUST 2006 IRREVOCABLE  
TRUST**

By: /s/ Thomas Scott \_\_\_\_\_

Print Name: Thomas Scott

Title: Associate; J. P. Morgan Trust Company of Delaware  
as Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**THE LI CHILDREN'S 2006 IRREVOCABLE  
TRUST**

By: /s/ Thomas Scott

Print Name: Thomas Scott

Title: Associate; J. P. Morgan Trust Company  
of Delaware as Trustee

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**EMERSON COLLECTIVE INVESTMENTS,  
LLC**

/s/ Steve McDermid

Steve McDermid, Authorized Signatory

**SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**LYELL INVESTORS, LLC**

By: /s/ Richard Klausner

Print Name: Richard Klausner

Title: CEO

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**PARKER INSTITUTE FOR CANCER  
IMMUNOTHERAPY**

By: /s/ Melinda Griffith

Print Name: Melinda Griffith

Title: VP. Strategic Alliances

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**GLAXO GROUP LIMITED**

A handwritten signature in cursive script, appearing to read "J. Sadler", is written over a circular stamp. The stamp contains the text: "Authorised Signatory For and on behalf of Glaxo Group Limited Corporate Director".

Authorised Signatory  
For and on behalf of  
Glaxo Group Limited  
Corporate Director

By: /s/ JOHN SADLER

Print Name: JOHN SADLER

Title: \_\_\_\_\_

**[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**GE LI**

By: /s/ GE LI \_\_\_\_\_

**SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**NING ZHAO**

By: /s/ NING ZHAO

---

**SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**CREEKSTONE INVESTMENT, LLC**

By: /s/ Paul Dauber

Name: Paul Dauber

Title: Manager

Address:

Attn: Paul Dauber, Manager

PO Box 94314

Seattle, WA 98124

**SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**INVESTOR:**

**EXPLORE INVESTMENTS LLC**

By: /s/ Paul Dauber

Name: Paul Dauber

Title: Manager

Address:

Attn: Paul Dauber, Manager

PO Box 94314

Seattle, WA 98124

**SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT**

---

**SCHEDULE A**

**INVESTORS**

**8VC Entrepreneurs Fund II, L.P.**

**8VC Fund II, L.P.**

**Akira Matsuno**

**Alexandria Venture Investments, LLC**

**Altitude Life Science Ventures Fund III, L.P.**

**ARCH Venture Fund IX, L.P.**

**ARCH Venture Fund IX Overage, L.P.**

---

**AstraZeneca AB**

**Bryan White**

**Celgene Corporation**

**Dechomai Foundation, Inc.**

**Emerson Collective Investments, LLC**

**Explore Holdings LLC**

**First Brilliance Limited**

**Foresite Capital Fund IV, L.P.**

---

**Gates Frontier, LLC**

**Gemini Investments, L.P.**

**Glaxo Group Limited**

**GV 2019, L.P.**

**Hans Bishop**

**HH LYL Holdings Limited**

**Lyell Investors, LLC**

**Lyon Street Investments, LLC**

**MDC Capital Partners (Ventures) LP**



---

**Milky Way Investments Group Limited**

**Parker Institute for Cancer Immunotherapy**

**Richard D Klausner and Rachel D Klausner,  
Trustees of the Klausner Family Revocable Trust of May 8, 2014**

**SCC Growth V 2020-A, L.P.**

**The Board of Trustees of the Leland Stanford Junior University (PVF)**

**The Li Children's 2006 Irrevocable Trust**

**The NGM Family 2006 Irrevocable Trust**

**WuXi PharmaTech Healthcare Fund I L.P.**

---

**Ning Zhao**

**Ge Li**

**Explore Investments LLC**

**Creekstone Investment, LLC**

## LYELL IMMUNOPHARMA, INC.

## 2018 EQUITY INCENTIVE PLAN

As Adopted on August 23, 2018  
As amended on September 19, 2018  
As amended on November 6, 2018  
As amended on March 5, 2019  
As amended on August 29, 2019  
As amended on January 6, 2020<sup>1</sup>  
As amended on March 4, 2020  
As amended on January 21, 2021

**1. PURPOSE.** The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, its Parent and Subsidiaries by offering eligible persons an opportunity to participate in the Company's future performance through the grant of Awards covering Shares. Capitalized terms not defined in the text are defined in Section 14 hereof. Although this Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701, grants may be made pursuant to this Plan that do not qualify for exemption under Rule 701 or Section 25102(o). Any requirement of this Plan that is required in law only because of Section 25102(o) need not apply if the Committee so provides.

**2. SHARES SUBJECT TO THE PLAN.**

**2.1 Number of Shares Available.** Subject to Sections 2.2 and 11 hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan will be 47,044,980 Shares. Subject to Sections 2.2 and 11 hereof, (A) in the event that Shares previously issued under the Plan are reacquired by the Company pursuant to a forfeiture provision, right of first refusal, or repurchase by the Company, such Shares shall be added to the number of Shares then available for issuance under the Plan; (B) in the event that Shares that otherwise would have been issuable under the Plan are withheld by the Company in payment of the Purchase Price, Exercise Price or withholding obligations, such Shares shall remain available for issuance under the Plan; and (C) in the event that an outstanding Option, Restricted Stock Unit or SAR for any reason expires or is cancelled, forfeited or terminated, the Shares allocable to the unexercised or unsettled portion of such Option, Restricted Stock Unit or SAR, as applicable, shall remain available for issuance under the Plan. To the extent an Award is settled in cash, the cash settlement shall not reduce the number of Shares remaining available for issuance under the Plan. At all times the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all Awards granted and outstanding under this Plan. In no event shall the total number of Shares issued (counting each reissuance of a Share that was previously issued and then reacquired by the Company pursuant to a forfeiture provision, right of first refusal, or repurchase by the Company as a separate issuance) under the Plan upon exercise of ISOs (as defined in Section 4 hereof) exceed 94,089,960 Shares (adjusted in proportion to any adjustments under Section 2.2 hereof) over the term of the Plan.

<sup>1</sup> Approved by the Board of Directors on December 20, 2019, conditional upon a charter amendment that occurred on January 6, 2020.

**2.2 Adjustment of Shares.** In the event that the Company's Common Stock is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or other change in the capital structure of the Company affecting Shares without consideration, then in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan (a) the number and class of Shares reserved for issuance under this Plan, (b) the Exercise Prices of and number and class of Shares subject to outstanding Options and SARs, and (c) the Purchase Prices of and/or number and class of Shares subject to other outstanding Awards will (to the extent appropriate) be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities or other laws; *provided, however*, that fractions of a Share will not be issued but will either be paid in cash at the Fair Market Value of such fraction of a Share or will be rounded down to the nearest whole Share, as determined by the Committee.

### **3. PLAN FOR BENEFIT OF SERVICE PROVIDERS.**

**3.1 Eligibility.** The Committee will have the authority to select persons to receive Awards. ISOs may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary of the Company. NQSOs (as defined in Section 4 hereof) and all other types of Awards may be granted to employees, officers, directors and consultants of the Company or any Parent or Subsidiary of the Company; *provided* such consultants render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction when Rule 701 is to apply to the Award granted for such services. A person may be granted more than one Award under this Plan.

**3.2 No Obligation to Employ.** Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Subsidiary or Parent of the Company or limit in any way the right of the Company or any Subsidiary or Parent of the Company to terminate Participant's employment or other relationship at any time, with or without Cause.

**4. OPTIONS.** The Committee may grant Options to eligible persons described in Section 3 hereof and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("*ISOs*") or Nonqualified Stock Options ("*NQSOs*"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following.

**4.1 Form of Option Grant.** Each Option granted under this Plan will be evidenced by an Award Agreement which will expressly identify the Option as an ISO or an NQSO ("*Stock Option Agreement*"), and will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve, and which will comply with and be subject to the terms and conditions of this Plan.

**4.2 Date of Grant.** The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, unless a later date is otherwise specified by the Committee. The Stock Option Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

**4.3 Exercise Period.** Options may be exercisable within the time or upon the events determined by the Committee in the Award Agreement and may be awarded as immediately exercisable but subject to repurchase pursuant to Section 10 hereof or may be exercisable within the times or upon the events determined by the Committee as set forth in the Stock Option Agreement governing such Option; *provided, however*, that (a) no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and (b) no ISO granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Subsidiary or Parent of the Company (“**Ten Percent Stockholder**”) will be exercisable after the expiration of five (5) years from the date the ISO is granted; but in no event shall an Option granted to an employee who is a non-exempt employee for purposes of overtime pay under the U.S. Fair Labor Standards Act of 1938 be exercisable earlier than six (6) months after its date of grant. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines. In addition, if an Option is determined to otherwise be subject to Section 409A of the Code, such Option shall be exercisable for the Shares subject to such Option no later than the end of the applicable short-term deferral period determined under Section 409A of the Code by the Committee, except as otherwise determined by the Committee.

**4.4 Exercise Price.** The Exercise Price of an Option will be determined by the Committee when the Option is granted and shall not be less than the Fair Market Value per Share on the date of grant unless expressly determined in writing by the Committee; *provided* that the Exercise Price of an ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased must be made in accordance with Section 8 hereof.

**4.5 Method of Exercise.** Options may be exercised only by delivery to the Company of a stock option exercise agreement (accepted via written, electronic or other means) (the “**Exercise Agreement**”) in a form approved by the Committee (which need not be the same for each Participant). The Exercise Agreement will state (a) the number of Shares being purchased, (b) the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and (c) such representations and agreements regarding Participant’s investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities or other laws. Each Participant’s Exercise Agreement may be modified by (i) agreement of Participant and the Company or (ii) substitution by the Company, upon becoming a public company, in order to add the payment terms set forth in Section 8.1 that apply to a public company and such other terms as shall be necessary or advisable in order to exercise a public company option. Upon exercise of an Option, Participant shall execute and deliver to the Company the Exercise Agreement then in effect, together with

payment in full of the Exercise Price for the number of Shares being purchased and satisfaction of any applicable Tax-Related Obligations (as defined in Section 8.2 hereof). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 2.2 of the Plan. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

**4.6 Termination.** Subject to earlier termination pursuant to Sections 11 and 13.3 hereof and notwithstanding the exercise periods set forth in the Stock Option Agreement, exercise of an Option will always be subject to the following terms and conditions.

4.6.1 Other than Death or Disability or for Cause. If the Participant is Terminated for any reason other than death, Disability or for Cause, then the Participant may exercise such Participant's Options only to the extent that such Options are exercisable as to Vested Shares upon the Termination Date, except as otherwise determined by the Committee or required by applicable law. Such Options must be exercised by the Participant, if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within three (3) months after the Termination Date (or within such shorter time period, not less than thirty (30) days, or within such longer time period after the Termination Date as may be determined by the Committee or required by applicable law, with any exercise beyond three (3) months after the date Participant ceases to be an employee deemed to be an NQSO) but, in any event, no later than the expiration date of the Options.

4.6.2 Death or Disability. If the Participant is Terminated because of Participant's death or Disability (or the Participant dies within three (3) months after a Termination other than for Cause), then Participant's Options may be exercised only to the extent that such Options are exercisable as to Vested Shares on the Termination Date, except as otherwise determined by the Committee or required by applicable law. Such Options must be exercised by Participant (or Participant's legal representative or authorized assignee), if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within twelve (12) months after the Termination Date (or within such shorter time period, not less than six (6) months, or within such longer time period, after the Termination Date as may be determined by the Committee or required by applicable law, with any exercise beyond (a) three (3) months after the date Participant ceases to be an employee when the Termination is for any reason other than the Participant's death or disability, within the meaning of Section 22(e)(3) of the Code, or (b) twelve (12) months after the date Participant ceases to be an employee when the Termination is for Participant's disability, within the meaning of Section 22(e)(3) of the Code, deemed to be an NQSO) but in any event no later than the expiration date of the Options.

4.6.3 For Cause. If the Participant is Terminated for Cause, the Participant may exercise such Participant's Options, but not to an extent greater than such Options are exercisable as to Vested Shares upon the Termination Date and Participant's Options shall expire on such Participant's Termination Date, or at such later time and on such conditions as are determined by the Committee.

**4.7 Limitations on Exercise.** The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option, *provided* that such minimum number will not prevent Participant from exercising the Option for the full number of Shares for which it is then exercisable.

**4.8 Limitations on ISOs.** The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company or any Parent or Subsidiary of the Company) will not exceed One Hundred Thousand Dollars (\$100,000). If the Fair Market Value of Shares on the date of grant with respect to which ISOs are exercisable for the first time by a Participant during any calendar year exceeds One Hundred Thousand Dollars (\$100,000), then the Options for the first One Hundred Thousand Dollars (\$100,000) worth of Shares to become exercisable in such calendar year will be ISOs and the Options for the amount in excess of One Hundred Thousand Dollars (\$100,000) that become exercisable in that calendar year will be NQSOs. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date (as defined in Section 13.1 hereof) to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, then such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

**4.9 Modification, Extension or Renewal.** The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, *provided* that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted, unless for the purpose of complying with applicable laws and regulations. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 4.10 hereof, the Committee may reduce the Exercise Price of outstanding Options without the consent of Participants by a written notice to them; *provided, however*, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 4.4 hereof for Options granted on the date the action is taken to reduce the Exercise Price.

**4.10 No Disqualification.** Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant, to disqualify any Participant's ISO under Section 422 of the Code.

**5. RESTRICTED STOCK.** A Restricted Stock Award is an offer by the Company to sell to an eligible person Shares that are subject to certain specified restrictions. The Committee will determine to whom an offer will be made, the number of Shares the person may purchase, the Purchase Price, the restrictions to which the Shares will be subject, and all other terms and conditions of the Restricted Stock Award, subject to the following terms and conditions.

**5.1 Form of Restricted Stock Award.** All purchases under a Restricted Stock Award made pursuant to this Plan will be evidenced by an Award Agreement (“**Restricted Stock Purchase Agreement**”) that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. The Restricted Stock Award will be accepted by the Participant’s execution and delivery of the Restricted Stock Purchase Agreement (accepted via written, electronic or other means) and full payment for the Shares to the Company within thirty (30) days from the date the Restricted Stock Purchase Agreement is delivered to the person. If such person does not execute and deliver the Restricted Stock Purchase Agreement along with full payment for the Shares to the Company within such thirty (30) days, then the offer will terminate, unless otherwise determined by the Committee.

**5.2 Purchase Price.** The Purchase Price of Shares sold pursuant to a Restricted Stock Award will be determined by the Committee on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with Section 8 hereof.

**5.3 Dividends and Other Distributions.** Participants holding Restricted Stock Awards will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Committee provides otherwise at the time the Award is granted. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Restricted Stock Awards with respect to which they were paid.

**5.4 Restrictions.** Restricted Stock Awards may be subject to the restrictions set forth in Sections 9 and 10 hereof or, with respect to a Restricted Stock Award to which Section 25102(o) is to apply, such other restrictions not inconsistent with Section 25102(o).

## **6. RESTRICTED STOCK UNITS.**

**6.1 Awards of Restricted Stock Units.** A Restricted Stock Unit (“**RSU**”) is an Award covering a number of Shares that may be settled in cash, by issuance of those Shares at a date in the future, or by a combination of cash and Shares. No Purchase Price shall apply to an RSU settled in Shares. All grants of RSUs will be evidenced by an Award Agreement (the “**RSU Agreement**”) that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. No RSU will have a term longer than ten (10) years from the date the RSU is granted.

**6.2 Form and Timing of Settlement.** To the extent permissible under applicable law, the Committee may permit a Participant to defer payment (including settlement) under an RSU to a date or dates after the RSU has vested, *provided* that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code (or any successor) and any regulations or rulings promulgated thereunder, to the extent the Participant is subject to Section 409A of the Code. Payment may be made in the form of cash or whole Shares or a combination thereof, all as the Committee determines.



**6.3 Dividend Equivalent Payments.** The Board may permit Participants holding RSUs to receive dividend equivalent payments on outstanding RSUs if and when dividends are paid to stockholders on Shares. In the discretion of the Board, such dividend equivalent payments may be paid in cash or Shares and they may either be paid at the same time as dividend payments are made to stockholders or delayed until Shares are issued pursuant to the RSU grants and may be subject to the same vesting or performance requirements as the RSUs. If the Board permits dividend equivalent payments to be made on RSUs, the terms and conditions for such dividend equivalent payments will be set forth in the RSU Agreement.

## **7. STOCK APPRECIATION RIGHTS.**

**7.1 Awards of SARs.** Stock Appreciation Rights (“SARs”) may be settled in cash or Shares (which may consist of Restricted Stock or RSUs) or a combination thereof, having a value equal to the value determined by multiplying the difference between the Fair Market Value on the date of exercise over the Exercise Price and the number of Shares with respect to which the SAR is being exercised. All grants of SARs made pursuant to this Plan will be evidenced by an Award Agreement (the “SAR Agreement”) that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan.

**7.2 Exercise Period and Expiration Date.** A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the SAR Agreement. The SAR Agreement shall set forth the expiration date; *provided* that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted.

**7.3 Exercise Price.** The Committee will determine the Exercise Price of the SAR when the SAR is granted, which may not be less than the Fair Market Value on the date of grant.

**7.4 Termination.** Subject to earlier termination pursuant to Sections 11 and 13 hereof and notwithstanding the exercise periods set forth in the SAR Agreement, exercise of SARs will always be subject to the following terms and conditions.

**7.4.1 Other than Death or Disability or for Cause.** If the Participant is Terminated for any reason other than death, Disability or for Cause, then the Participant may exercise such Participant’s SARs only to the extent that such SARs are exercisable as to Vested Shares upon the Termination Date or as otherwise determined by the Committee or as required by applicable law. SARs must be exercised by the Participant, if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within three (3) months after the Termination Date (or within such shorter time period, not less than thirty (30) days, or within such longer time period after the Termination Date as may be determined by the Committee or as required by applicable law), but in any event no later than the expiration date of the SARs.

**7.4.2 Death or Disability.** If the Participant is Terminated because of Participant’s death or Disability (or the Participant dies within three (3) months after a Termination other than for Cause), then Participant’s SARs may be exercised only to the extent that such SARs are exercisable as to Vested Shares on the Termination Date or as otherwise determined by the Committee or as required by applicable law. Such SARs must be exercised by

Participant (or Participant's legal representative or authorized assignee), if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within twelve (12) months after the Termination Date (or within such shorter time period, not less than six (6) months, or within such longer time period after the Termination Date as may be determined by the Committee or as required by applicable law), but in any event no later than the expiration date of the SARs.

7.4.3 **For Cause.** If the Participant is Terminated for Cause, the Participant may exercise such Participant's SARs, but not to an extent greater than such SARs are exercisable as to Vested Shares upon the Termination Date and Participant's SARs shall expire on such Participant's Termination Date, or at such later time and on such conditions as are determined by the Committee.

## **8. PAYMENT FOR PURCHASES AND EXERCISES.**

**8.1 Payment in General.** Payment for Shares acquired pursuant to this Plan may be made in cash equivalents (including by check or Automated Clearing House ("**ACH**") transfer) or, where expressly approved for the Participant by the Committee and subject to compliance with applicable law:

(a) by cancellation of indebtedness of the Company owed to the Participant;

(b) by surrender of shares of the Company that are clear of all liens, claims, encumbrances or security interests and: (i) for which the Company has received "full payment of the purchase price" within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or (ii) that were obtained by Participant in the public market;

(c) by tender of a full recourse promissory note having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid (i) imputation of income under Sections 483 and 1274 of the Code and (ii) unfavorable accounting treatment as determined by the Committee; *provided, however*, that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares; *provided, further*, that the portion of the Exercise Price or Purchase Price, as the case may be, equal to the par value (if any) of the Shares must be paid in cash or other legal consideration permitted by the laws under which the Company is then incorporated or organized;

(d) by waiver of compensation due or accrued to the Participant from the Company for services rendered;

(e) by participating in a formal cashless exercise program implemented by the Committee in connection with the Plan;

(f) provided that a public market for the Company's common stock exists, by exercising through a "same day sale" commitment from the Participant and a broker-dealer whereby the Participant irrevocably elects to exercise the Award and to sell a portion of the Shares so purchased sufficient to pay the total Exercise Price or Purchase Price, and whereby the broker-dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price or Purchase Price directly to the Company; or

(g) by any combination of the foregoing or any other method of payment approved by the Committee.

For avoidance of uncertainty: ACH transfers that have been received by the Company into its bank account designated for receipt of such transfers under this Section 8.1 shall be deemed to have been received for all purposes under this Plan as of the date on which such transfers were initiated from the transferor's account and made irrevocable by the transferor.

## **8.2 Withholding Taxes.**

8.2.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company an amount sufficient to satisfy the maximum tax withholding requirements as to income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related obligations (collectively, "***Tax-Related Obligations***") prior to the delivery of any written or electronic certificate or certificates for such Shares. Whenever, under this Plan, payments in satisfaction of Awards are to be made in cash by the Company, such payment will be net of an amount sufficient to satisfy applicable tax withholding requirements.

8.2.2 Stock Withholding. When, under applicable tax laws, a Participant incurs tax liability in connection with the exercise or vesting of any Award that is subject to tax withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may in its sole discretion allow the Participant to satisfy up to the maximum Tax-Related Obligations in the employee's applicable jurisdictions by electing to have the Company withhold from the Shares to be issued up to the number of Shares having a Fair Market Value on the date that the amount of tax to be withheld is to be determined that is not more than the maximum Tax-Related Obligations in the employee's applicable jurisdictions; or to arrange a mandatory "sell to cover" on Participant's behalf (without further authorization) but in no event will the Company withhold Shares or "sell to cover" if such withholding would result in adverse accounting or compliance consequences to the Company. The maximum Tax-Related Obligations are based on the applicable rates of the relevant tax authorities (for example, federal, state and local), including the employee's share of payroll or similar taxes, as provided in the tax law, regulations or the authority's administrative practices, not to exceed the highest statutory rate in that jurisdiction. Any elections to have Shares withheld or sold for this purpose will be made in accordance with the requirements established by the Committee for such elections and be in writing in a form acceptable to the Committee.

## **9. RESTRICTIONS ON AWARDS.**

9.1 Transferability. Except as permitted by the Committee, Awards granted under this Plan, and any interest therein, will not be transferable or assignable by Participant, other than by will or by the laws of descent and distribution, and, with respect to NQSOs for Participants in the U.S., by instrument to an inter vivos or testamentary trust in which the

NQSOs are to be passed to beneficiaries upon the death of the trustor (settlor), or by gift to “family member” as that term is defined in Rule 701, and may not be made subject to execution, attachment or similar process. For the avoidance of doubt, the prohibition against assignment and transfer applies to Awards and any Shares underlying the Awards prior to the issuance of the Shares, and pursuant to the foregoing sentence shall be understood to include, without limitation, a prohibition against any pledge, hypothecation, or other transfer, including any short position, any “put equivalent position” or any “call equivalent position” (in each case, as defined in Rule 16a-1 promulgated under the Exchange Act). Unless an Award is transferred pursuant to the terms of this Section, during the lifetime of the Participant an Award will be exercisable only by the Participant or Participant’s legal representative and any elections with respect to an Award may be made only by the Participant or Participant’s legal representative. The terms of an Award shall be binding upon the executor, administrator, successors and assigns of the Participant who is a party thereto.

**9.2 Securities Law and Other Regulatory Compliance.** Although this Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act, Awards may be made pursuant to this Plan that do not qualify for exemption under Rule 701 or Section 25102(o). Any requirement of this Plan which is required in law only because of Section 25102(o) need not apply with respect to a particular Award to which Section 25102(o) will not apply. An Award will not be effective unless such Award is in compliance with all applicable U.S. and non-U.S. federal, state and local securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Company’s equity securities may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise, settlement or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue Shares or deliver certificates for Shares under this Plan prior to (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and/or (b) compliance with any exemption, completion of any registration or other qualification of such Shares under any U.S. and non-U.S. federal, state or local law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the exemption, registration, qualification or listing requirements of any securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

**9.3 Exchange and Buyout of Awards.** The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. Without prior stockholder approval the Committee may reprice Options or SARs (and where such repricing is a reduction in the Exercise Price of outstanding Options or SARs, the consent of the affected Participants is not required provided written notice is provided to them). The Committee may at any time buy from a Participant an Award previously granted with payment in cash, Shares (including Restricted Stock) or other consideration, based on such terms and conditions as the Committee and the Participant may agree.

## **10. RESTRICTIONS ON SHARES.**

**10.1 Privileges of Stock Ownership.** No Participant will have any of the rights of a stockholder with respect to any Shares until such Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; *provided*, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock. The Participant will have no right to retain such stock dividends or stock distributions with respect to Unvested Shares that are repurchased as described in this Section 10.

**10.2 Rights of First Refusal and Repurchase.** At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement (a) a right of first refusal to purchase all Shares that a Participant (or a subsequent transferee) may propose to transfer to a third party, *provided* that such right of first refusal terminates upon (i) subject to any applicable market standoff restrictions, the effective date of the first sale of common stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC under the Securities Act (other than a registration statement relating solely to the issuance of common stock pursuant to a business combination or an employee incentive or benefit plan); (ii) any transfer or conversion of Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations if the common stock of the surviving corporation or any direct or indirect Parent thereof is registered under the Exchange Act; or (iii) any transfer or conversion of Shares made pursuant to a statutory conversion of the Company into another form of legal entity if the common equity (or comparable equity security) of entity resulting from such conversion is registered under the Exchange Act; and (b) a right to repurchase Unvested Shares held by a Participant for cash and/or cancellation of purchase money indebtedness owed to the Company by the Participant following such Participant's Termination at any time.

**10.3 Agreement to Vote Shares.** At the discretion of the Committee, the Company may require that, as a condition to the receipt of the Shares upon issuance of an Award, exercise of an Option or SAR or settlement of an RSU, the Participant and any transferee of the Shares agree to vote such Shares pursuant to the terms of a Voting Agreement by and between the Company and certain of its stockholders.

**10.4 Escrow; Pledge of Shares.** To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all written or electronic certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated. The Committee may cause a legend or legends referencing such restrictions to be placed on the written or electronic certificate. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the

payment of Participant's obligation to the Company under the promissory note; *provided, however*, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

**10.5 Securities Law Restrictions.** All written or electronic certificates for Shares or other securities delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable U.S. and non-U.S. federal, state or local securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Company's equity securities may be listed or quoted.

## **11. CORPORATE TRANSACTIONS.**

**11.1 Acquisitions or Other Combinations.** In the event that the Company is subject to an Acquisition or Other Combination, outstanding Awards acquired under the Plan shall be subject to the agreement evidencing the Acquisition or Other Combination, which need not treat all outstanding Awards in an identical manner. Such agreement, without the Participant's consent, shall provide for one or more of the following with respect to all outstanding Awards as of the effective date of such Acquisition or Other Combination:

(a) The continuation of such outstanding Awards by the Company (if the Company is the successor entity).

(b) The assumption of outstanding Awards by the successor or acquiring entity (if any) in such Acquisition or Other Combination (or by any of its Parents, if any), which assumption, will be binding on all Participants; provided that the exercise price and the number and nature of shares issuable upon exercise of any such option or stock appreciation right, or upon the settlement of any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) and Section 409A of the Code. For the purposes of this Section 11, an Award will be considered assumed if, following the Acquisition or Other Combination, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Acquisition or Other Combination, the consideration (whether stock, cash, or other securities or property) received in the Acquisition or Other Combination by holders of Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Acquisition or Other Combination is not solely common stock of the successor corporation or its Parent, the Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the settlement of an RSU, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Acquisition or Other Combination.

(c) The substitution by the successor or acquiring entity in such Acquisition or Other Combination (or by any of its Parents, if any) of equivalent awards with substantially the same terms for such outstanding Awards (except that the exercise price and the number and nature of shares issuable upon exercise of any such option or stock appreciation right, or any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) and Section 409A of the Code).

(d) The full or partial exercisability or vesting and accelerated expiration of outstanding Awards.

(e) The settlement of the Fair Market Value of such outstanding Award (whether or not then vested or exercisable) in cash, cash equivalents, or securities of the successor entity (or its Parent, if any), followed by the cancellation of such Awards; provided however, that such Award may be cancelled without consideration if such Award has no value, as determined by the Committee, in its discretion. Subject to Section 409A of the Code, such payment may be made in installments and may be deferred until the date or dates when the Award would have become exercisable or vested. Such payment may be subject to vesting based on the Participant's continued service, provided that without the Participant's consent, the vesting schedule shall not be less favorable to the Participant than the schedule under which the Award would have become vested or exercisable. For purposes of this Section 11.1(e), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

(f) The termination in its entirety of any outstanding Award, without payment of any consideration, that is not exercised in accordance with its terms upon or prior to consummation of the transactions contemplated by the Acquisition or Other Combination within a time specified by the Committee, in its discretion, for such exercise, whether or not such Award is then fully exercisable.

Immediately following an Acquisition or Other Combination, outstanding Awards shall terminate and cease to be outstanding, except to the extent such Awards, have been continued, assumed or substituted, as described in Sections 11.1(a), (b) and/or (c).

**11.2 Assumption of Awards by the Company.** The Company, from time to time, also may substitute or assume outstanding awards granted by another entity, whether in connection with an acquisition of such other entity or otherwise, by either (a) granting an Award under this Plan in substitution of such other entity's award or (b) assuming and/or converting such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other entity had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another entity, the terms and conditions of such award will remain unchanged (except that the exercise price and the number and nature of shares issuable upon exercise of any such option or stock appreciation right, or any

award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option or SAR in substitution for and rather than assuming an existing option or stock appreciation right, such new Option or SAR may be granted with a similarly adjusted Exercise Price and number of underlying Shares and such other changes approved by the Committee, subject to the consent of the Participant.

## **12. ADMINISTRATION.**

**12.1 Committee Authority.** This Plan will be administered by the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan. Without limitation, the Committee will have the authority to:

- (a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;
- (b) prescribe, amend, expand, modify and rescind or terminate rules and regulations relating to this Plan;
- (c) approve persons to receive Awards;
- (d) determine the form and terms of Awards;
- (e) determine the number of Shares or other consideration subject to Awards granted under this Plan;
- (f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;
- (g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or awards under any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;
- (h) grant waivers of any conditions of this Plan or any Award;
- (i) determine the terms of vesting, exercisability, settlement and payment of Awards to be granted pursuant to this Plan;
- (j) correct any defect, supply any omission, or reconcile any inconsistency in this Plan, any Award, any Award Agreement or any Exercise Agreement;
- (k) determine whether an Award has vested or become exercisable;
- (l) extend the vesting period beyond a Participant's Termination Date;



(m) adopt rules and/or procedures (including the adoption of any subplan under this Plan) relating to the operation and administration of the Plan to accommodate or facilitate requirements of local law and procedures outside of the United States;

(n) delegate any of the foregoing to a subcommittee consisting of one or more directors or executive officers pursuant to a specific delegation as may otherwise be permitted by applicable law;

(o) change the vesting schedule of Awards under the Plan prospectively in the event that the Participant's service status changes between full and part time status in accordance with Company policies relating to work schedules and vesting of Awards; and

(p) make all other determinations necessary or advisable in connection with the administration of this Plan.

**12.2 Standalone, Tandem and Substitute Awards.** Awards granted under the Plan may, in the sole discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for, any other Award granted under the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

**12.3 Committee Composition and Discretion.** The Board may delegate full administrative authority over the Plan and Awards to a Committee consisting of at least one member of the Board (or such greater number as may then be required by applicable law). Unless in contravention of any express terms of this Plan or Award, any determination made by the Committee with respect to any Award will be made in its sole discretion either (a) at the time of grant of the Award, or (b) subject to Section 4.9 hereof, at any later time. Any such determination will be final and binding on the Company and on all persons having an interest in any Award under this Plan. To the extent permitted by applicable law, the Committee may delegate to one or more directors or officers of the Company the authority to grant an Award under this Plan.

**12.4 Nonexclusivity of the Plan.** Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and other equity awards otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

**12.5 Governing Law.** This Plan and all agreements hereunder shall be governed by and construed in accordance with the laws of the State of California, without giving effect to that body of laws pertaining to conflict of laws.

### **13. EFFECTIVENESS, AMENDMENT AND TERMINATION OF THE PLAN.**

**13.1 Adoption and Stockholder Approval.** This Plan will become effective on the date that it is adopted by the Board (the “*Effective Date*”). This Plan will be approved by the stockholders of the Company (excluding Shares issued pursuant to this Plan), consistent with applicable laws, within twelve (12) months before or after the Effective Date. Upon the Effective Date, the Committee may grant Awards pursuant to this Plan; *provided, however*, that: (a) no Option or SAR may be exercised prior to initial stockholder approval of this Plan; (b) no Option or SAR granted pursuant to an increase in the number of Shares approved by the Board shall be exercised prior to the time such increase has been approved by the stockholders of the Company; (c) in the event that initial stockholder approval is not obtained within the time period provided herein, all Awards for which only the exemption from California’s securities qualification requirements provided by Section 25102(o) can apply shall be canceled, any Shares issued pursuant to any such Award shall be canceled and any purchase of such Shares issued hereunder shall be rescinded; and (d) Awards (to which only the exemption from California’s securities qualification requirements provided by Section 25102(o) can apply) granted pursuant to an increase in the number of Shares approved by the Board which increase is not approved by stockholders within the time then required under Section 25102(o) shall be canceled, any Shares issued pursuant to any such Awards shall be canceled, and any purchase of Shares subject to any such Award shall be rescinded.

**13.2 Term of Plan.** Unless earlier terminated as provided herein, this Plan will automatically terminate ten (10) years after the Effective Date.

**13.3 Amendment or Termination of Plan.** Subject to Section 4.9 hereof, the Board may at any time (a) terminate or amend this Plan in any respect, including without limitation amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan and (b) terminate any and all outstanding Options, SARs or RSUs upon a dissolution or liquidation of the Company, followed by the payment of creditors and the distribution of any remaining funds to the Company’s stockholders; *provided, however*, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval pursuant to Section 25102(o) or pursuant to the Code or the regulations promulgated under the Code as such provisions apply to ISO plans. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Award previously granted under the Plan.

**14. DEFINITIONS.** For all purposes of this Plan, the following terms will have the following meanings.

“*Acquisition*,” for purposes of Section 11, means:

(a) any consolidation or merger in which the Company is a constituent entity or is a party in which the voting stock and other voting securities of the Company that are outstanding immediately prior to the consummation of such consolidation or merger represent, or are converted into, securities of the surviving entity of such consolidation or merger (or of any Parent of such surviving entity) that, immediately after the consummation of such consolidation or merger, together possess less than fifty percent (50%) of the total voting power of all voting securities of such surviving entity (or of any of its Parents, if any) that are outstanding immediately after the consummation of such consolidation or merger;

(b) a sale or other transfer by the holders thereof of outstanding voting stock and/or other voting securities of the Company possessing more than fifty percent (50%) of the total voting power of all outstanding voting securities of the Company, whether in one transaction or in a series of related transactions, pursuant to an agreement or agreements to which the Company is a party and that has been approved by the Board, and pursuant to which such outstanding voting securities are sold or transferred to a single person or entity, to one or more persons or entities who are Affiliates of each other, or to one or more persons or entities acting in concert; or

(c) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Company and/or any Subsidiary or Subsidiaries of the Company, of all or substantially all the assets of the Company and its Subsidiaries taken as a whole (or, if substantially all of the assets of the Company and its Subsidiaries taken as a whole are held by one or more Subsidiaries, the sale or disposition (whether by consolidation, merger, conversion or otherwise) of such Subsidiaries of the Company), except where such sale, lease, transfer or other disposition is made to the Company or one or more wholly owned Subsidiaries of the Company.

Notwithstanding the foregoing, the following transactions shall not constitute an “Acquisition”: (1) the closing of the Company’s first public offering pursuant to an effective registration statement filed under the Securities Act or (2) any transaction the sole purpose of which is to change the state of incorporation of the Company or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

“**Affiliate**” of a specified person means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified (where, for purposes of this definition, the term “**control**” (including the terms “**controlling**,” “**controlled by**” and “**under common control with**”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

“**Award**” means any award pursuant to the terms and conditions of this Plan, including any Option, Restricted Stock Unit, Stock Appreciation Right or Restricted Stock Award.

“**Award Agreement**” means, with respect to each Award, the executed written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award as approved by the Committee. For purposes of the Plan, the Award Agreement may be accepted by a Participant via written, electronic or other means, subject to requirements under applicable law.

“**Board**” means the Board of Directors of the Company.

“**Cause**” means Termination because of (a) Participant’s unauthorized misuse of the Company or a Parent or Subsidiary of the Company’s trade secrets or proprietary information, (b) Participant’s conviction of or plea of nolo contendere to a felony or a crime involving moral turpitude, (c) Participant’s committing an act of fraud against the Company or a Parent or Subsidiary of the Company or (d) Participant’s gross negligence or willful misconduct in the performance of his or her duties that has had or will have a material adverse effect on the Company or Parent or Subsidiary of the Company’s reputation or business.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Committee**” means the committee created and appointed by the Board to administer this Plan, or if no committee is created and appointed, the Board.

“**Company**” means Lyell Immunopharma, Inc., or any successor corporation.

“**Disability**” means a Participant is unable to perform the duties of his or her customary position of employment by reason of any medically determinable physical or mental impairment that can be expected to result in death or that can be expected to last for a continuous period of not less than twelve (12) months. The Committee may require such medical or other evidence as it deems necessary to judge the nature and permanency of the Participant’s condition.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Exercise Price**” means the price per Share at which a holder of an Option or a SAR may purchase Shares issuable upon exercise of the Option or the SAR.

“**Fair Market Value**” means, as of any date, the value of a Share determined as follows:

(a) if such Share is then publicly traded on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Share is listed or admitted to trading as reported in The Wall Street Journal;

(b) if such Share is publicly traded but is not listed or admitted to trading on a national securities exchange, the average of the closing bid and ask prices on the date of determination as reported by The Wall Street Journal (or as otherwise reported by any newspaper or other source as the Committee may determine); or

(c) if none of the foregoing is applicable to the valuation in question, by the Committee in good faith.

“**Option**” means an award of an option to purchase Shares pursuant to Section 4 of this Plan.

“**Other Combination**” for purposes of Section 11 means any (a) consolidation or merger in which the Company is a constituent entity and is not the surviving entity of such consolidation or merger or (b) any conversion of the Company into another form of entity; provided that such consolidation, merger or conversion does not constitute an Acquisition.

“**Parent**” of a specified entity means, any entity that, either directly or indirectly, owns or controls such specified entity, where for this purpose, “**control**” means the ownership of stock, securities or other interests that possess at least a majority of the voting power of such specified entity (including indirect ownership or control of such stock, securities or other interests).

“**Participant**” means a person who receives an Award under this Plan.

“**Plan**” means this 2018 Equity Incentive Plan, as amended from time to time.

“**Purchase Price**” means the price at which a Participant may purchase Restricted Stock pursuant to this Plan.

“**Restricted Stock**” means Shares purchased pursuant to a Restricted Stock Award under this Plan.

“**Restricted Stock Award**” means an award of Shares pursuant to Section 5 hereof.

“**Restricted Stock Unit**” or “**RSU**” means an award made pursuant to Section 6 hereof.

“**Rule 701**” means Rule 701 *et seq.* promulgated by the SEC under the Securities Act.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Section 25102(o)**” means Section 25102(o) of the California Corporations Code.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Shares**” means shares of the Company’s Common Stock reserved for issuance under this Plan, as adjusted pursuant to Sections 2.2 and 11 hereof, and any successor security.

“**Stock Appreciation Right**” or “**SAR**” means an award granted pursuant to Section 7 hereof.

“**Subsidiary**” means any entity (other than the Company) in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain owns stock or other equity securities representing fifty percent (50%) or more of the total combined voting power of all classes of stock or other equity securities in one of the other entities in such chain.

“**Termination**” or “**Terminated**” means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director or consultant to the Company or a Parent or Subsidiary of the Company. A Participant will not be deemed to have ceased to provide services while the Participant is on a bona fide leave of absence, if such leave was approved by the Company in writing. In the case of an approved leave of absence, the Committee may make such provisions respecting crediting

of service, including suspension of vesting of the Award (including pursuant to a formal policy adopted from time to time by the Company) it may deem appropriate. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the "**Termination Date**").

"**Unvested Shares**" means "**Unvested Shares**" as defined in the Award Agreement for an Award.

"**Vested Shares**" means "**Vested Shares**" as defined in the Award Agreement for an Award.

\* \* \* \* \*

**NOTICE OF STOCK OPTION GRANT**

**LYELL IMMUNOPHARMA, INC.**

**2018 EQUITY INCENTIVE PLAN**

The Optionee named below (“**Optionee**”) has been granted an option (this “**Option**”) to purchase shares of Common Stock, \$0.0001 par value per share (the “**Common Stock**”), of Lyell Immunopharma, Inc., a Delaware corporation (the “**Company**”), pursuant to the Company’s 2018 Equity Incentive Plan, as amended from time to time (the “**Plan**”) on the terms, and subject to the conditions, described below and in the Stock Option Agreement attached hereto as **Exhibit A**, including its annexes (the “**Stock Option Agreement**”).

**Optionee:**

**Maximum Number of Shares Subject to this Option (the “Shares”):**

**Exercise Price Per Share:** \$ \_\_\_\_ per share

**Date of Grant:**

**Vesting Start Date:**

**Exercise Schedule:** This Option will become exercisable during its term with respect to portions of the Shares in accordance with the Vesting Schedule set forth below.

**Expiration Date:** The date ten (10) years after the Date of Grant set forth above, subject to earlier expiration in the event of Termination as provided in Section 3 of the Stock Option Agreement.

**Tax Status of Option:**  Incentive Stock Option (*To the fullest extent permitted by the Code*)  
 (Check Only One Box):  Nonqualified Stock Option.  
 (*If neither box is checked, this Option is a Nonqualified Stock Option.*)

**Vesting Schedule [EXAMPLE ONLY]:** For so long as Optionee continuously provides services to the Company (or any Subsidiary or Parent of the Company) as an employee, officer, director, contractor or consultant, this Option will vest (that is, become exercisable) with respect to the Shares as follows: (a) prior to the first one (1) year anniversary of the Vesting Start Date this Option will not be vested or exercisable as to any of the Shares; (b) this Option will become vested and exercisable with respect to [1/4<sup>th</sup>] of the Shares on the one (1) year anniversary of the Vesting Start Date; and (c) thereafter, this Option will become vested and exercisable with respect to an additional [1/48<sup>th</sup>] of the Shares when Optionee completes each month of continuous service following the first one (1) year anniversary of the Vesting Start Date.

**General; Agreement:** By their signatures below, Optionee and the Company agree that this Option is granted under and governed by this Notice of Stock Option Grant (this “**Grant Notice**”) and by the provisions of the Plan and the Stock Option Agreement. The Plan and the Stock Option Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or in the Stock Option Agreement, as applicable. By signing below, Optionee acknowledges receipt of a copy of this Grant Notice, the Plan and the Stock Option Agreement, represents that Optionee has carefully read and is familiar with their provisions, and hereby accepts the Option subject to all of their respective terms and conditions. Optionee acknowledges that there may be adverse tax consequences upon exercise of the Option or disposition of the Shares and that Optionee should consult a tax adviser prior to such exercise or disposition. Optionee agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Optionee’s service status changes between full and part time status in accordance with Company policies relating to work schedules and vesting of equity awards.

**Execution and Delivery:** This Grant Notice may be executed and delivered electronically whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By Optionee’s acceptance hereof (whether written, electronic or otherwise), Optionee agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, Optionee accepts the electronic delivery of any documents that the Company (or any third party the Company may designate), may deliver in connection with this grant (including the Plan, this Grant Notice, the Stock Option Agreement, the information described in Rules 701(e)(2), (3), (4) and (5) under the Securities Act (the “**701 Disclosures**”), account statements, or other communications or information) whether via the Company’s intranet or the Internet site of such third party or via email or such other means of electronic delivery specified by the Company.

**Lyell Immunopharma, Inc.**

By /Signature: \_\_\_\_\_

Optionee Signature: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Optionee’s Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT:** Exhibit A – Stock Option Agreement

---

**Exhibit A**

**Stock Option Agreement**



**STOCK OPTION AGREEMENT**

LYELL IMMUNOPHARMA, INC.

**2018 EQUITY INCENTIVE PLAN**

This Stock Option Agreement (this “**Agreement**”) is made and entered into as of the date of grant (the “**Date of Grant**”) set forth on the Notice of Stock Option Grant attached as the facing page to this Agreement (the “**Grant Notice**”) by and between Lyell Immunopharma, Inc., a Delaware corporation (the “**Company**”), and the optionee named on the Grant Notice (“**Optionee**”). Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Company’s 2018 Equity Incentive Plan, as amended from time to time (the “**Plan**”), or in the Grant Notice, as applicable.

**1. GRANT OF OPTION.** The Company hereby grants to Optionee an option (this “**Option**”) to purchase up to the total number of shares of Common Stock of the Company, \$0.0001 par value per share (the “**Common Stock**”), set forth in the Grant Notice as the Shares (the “**Shares**”) at the Exercise Price Per Share set forth in the Grant Notice (the “**Exercise Price**”), subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan. If designated as an Incentive Stock Option in the Grant Notice, this Option is intended to qualify as an incentive stock option (the “**ISO**”) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “**Code**”), except that if on the Date of Grant Optionee is not subject to U.S. income tax, then this Option shall be a NQSO.

**2. EXERCISE PERIOD.**

**2.1 Exercise Period of Option.** This Option is considered to be “vested” with respect to any particular Shares when this Option is exercisable with respect to such Shares. This Option will become vested during its term as to portions of the Shares in accordance with the Vesting Schedule set forth in the Grant Notice. Notwithstanding any provision in the Plan or this Agreement to the contrary, on or after Optionee’s Termination Date, this Option may not be exercised with respect to any Shares that are Unvested Shares on Optionee’s Termination Date.

**2.2 Vesting of Option Shares.** Shares with respect to which this Option is vested and exercisable at a given time pursuant to the Vesting Schedule set forth in the Grant Notice are “**Vested Shares**.” Shares with respect to which this Option is not vested and exercisable at a given time pursuant to the Vesting Schedule set forth in the Grant Notice are “**Unvested Shares**.”

**2.3 Expiration.** The Option shall expire on the Expiration Date set forth in the Grant Notice or earlier as provided in Section 3 below.

**3. TERMINATION.**

**3.1 Termination for Any Reason Except Death, Disability or Cause.** Except as provided in subsection 3.2 in a case in which Optionee dies within three (3) months after Optionee is Terminated other than for Cause, if Optionee is Terminated for any reason (other than Optionee’s death or Disability or for Cause), then (a) on and after Optionee’s Termination Date, this Option shall expire immediately with respect to any Shares that are Unvested Shares and may not be exercised with respect to any Shares that are Unvested Shares on Optionee’s Termination Date and (b) this Option to the extent (and only to the extent) that it is exercisable with respect to Vested Shares on Optionee’s Termination Date, may be exercised by Optionee no later than three (3) months after Optionee’s Termination Date (but in no event may this Option be exercised after the Expiration Date).

**3.2 Termination Because of Death or Disability.** If Optionee is Terminated because of Optionee's death or Disability (or if Optionee dies within three (3) months of the date of Optionee's Termination for any reason other than for Cause), then (a) on and after Optionee's Termination Date, this Option shall expire immediately with respect to any Shares that are Unvested Shares and may not be exercised with respect to any Shares that are Unvested Shares on Optionee's Termination Date and (b) this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares on Optionee's Termination Date, may be exercised by Optionee (or Optionee's legal representative) no later than twelve (12) months after Optionee's Termination Date, but in no event later than the Expiration Date. Any exercise of this Option beyond (i) three (3) months after the date Optionee ceases to be an employee when Optionee's Termination is for any reason other than Optionee's death or disability, within the meaning of Section 22(e)(3) of the Code; or (ii) twelve (12) months after the date Optionee ceases to be an employee when the termination is for Optionee's disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

**3.3 Termination for Cause.** If Optionee is Terminated for Cause, then Optionee may exercise this Option, but only with respect to any Shares that are Vested Shares on Optionee's Termination Date, and this Option shall expire on Optionee's Termination Date, or at such later time and on such conditions as may be affirmatively determined by the Committee. On and after Optionee's Termination Date, this Option shall expire immediately with respect to any Shares that are Unvested Shares and may not be exercised with respect to any Shares that are Unvested Shares on Optionee's Termination Date.

**3.4 No Obligation to Employ.** Nothing in the Plan or this Agreement shall confer on Optionee any right to continue in the employ of, or other relationship with, the Company or any Parent or Subsidiary of the Company, or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Optionee's employment or other relationship at any time, with or without Cause.

#### 4. MANNER OF EXERCISE.

**4.1 Stock Option Exercise Notice and Agreement.** To exercise this Option, Optionee (or in the case of exercise after Optionee's death or incapacity, Optionee's executor, administrator, heir or legatee, as the case may be) must deliver to the Company an executed Stock Option Exercise Notice and Agreement in the form attached hereto as **Annex A**, or in such other form as may be approved by the Committee from time to time (the "**Exercise Agreement**") and payment for the shares being purchased in accordance with this Agreement. The Exercise Agreement shall set forth, among other things, (i) Optionee's election to exercise this Option, (ii) the number of Shares being purchased, (iii) any representations, warranties and agreements regarding Optionee's investment intent and access to information as may be required by the Company to comply with applicable securities laws in connection with any exercise of this Option and (iv) any other agreements required by the Company. If someone other than Optionee exercises this Option, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise this Option and such person shall be subject to all of the restrictions contained herein as if such person were Optionee.

**4.2 Limitations on Exercise.** This Option may not be exercised unless such exercise is in compliance with all applicable federal and state securities laws, as they are in effect on the date of exercise.

**4.3 Payment.** The Exercise Agreement shall be accompanied by full payment of the Exercise Price for the shares being purchased in cash (by check or wire transfer), or where permitted by law:

(a) by cancellation of indebtedness of the Company owed to Optionee;

(b) by surrender of shares of the Company that are free and clear of all security interests, pledges, liens, claims or encumbrances and: (i) for which the Company has received "full payment of the purchase price" within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or (ii) that were obtained by Optionee in the public market;

(c) by participating in a formal cashless exercise program implemented by the Committee in connection with the Plan;

(d) provided that a public market for the Common Stock exists and subject to compliance with applicable law, by exercising as set forth below, through a “same day sale” commitment from Optionee and a broker-dealer whereby Optionee irrevocably elects to exercise this Option and to sell a portion of the Shares so purchased sufficient to pay the total Exercise Price, and whereby the broker-dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price directly to the Company; or

(e) by any combination of the foregoing or any other method of payment approved by the Committee that constitutes legal consideration for the issuance of Shares.

**4.4 Tax Withholding.** Prior to the issuance of the Shares upon exercise of the Option, Optionee must pay or provide for any applicable federal, state and local withholding obligations of the Company. If the Committee permits, Optionee may provide for payment of withholding taxes upon exercise of the Option by requesting that the Company retain the minimum number of Shares with a Fair Market Value equal to the minimum amount of taxes required to be withheld; or to arrange a mandatory “sell to cover” on Participant’s behalf (without further authorization); but in no event will the Company withhold Shares or “sell to cover” if such withholding would result in adverse accounting consequences to the Company. In case of stock withholding or a sell to cover, the Company shall issue the net number of Shares to Optionee by deducting the Shares retained from the Shares issuable upon exercise.

**4.5 Issuance of Shares.** Provided that the Exercise Agreement and payment are in form and substance satisfactory to counsel for the Company, the Company shall issue the Shares issuable upon a valid exercise of this Option registered in the name of Optionee, Optionee’s authorized assignee, or Optionee’s legal representative, and shall deliver certificates representing the Shares with the appropriate legends affixed thereto.

**5. COMPLIANCE WITH LAWS AND REGULATIONS.** The Plan and this Agreement are intended to comply with Section 25102(o) and Rule 701. Any provision of this Agreement that is inconsistent with Section 25102(o) or Rule 701 shall, without further act or amendment by the Company or the Committee, be reformed to comply with the requirements of Section 25102(o) and/or Rule 701. The exercise of this Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Optionee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Common Stock may be listed at the time of such issuance or transfer. Optionee understands that the Company is under no obligation to register or qualify the Shares with the SEC, any state securities commission or any stock exchange to effect such compliance.

**6. NONTRANSFERABILITY OF OPTION.** This Option may not be transferred in any manner other than by will or by the laws of descent and distribution, and, with respect to NQSOs, by instrument to a testamentary trust in which the options are to be passed to beneficiaries upon the death of the trustor (settlor) or a revocable trust, or by gift to “immediate family” as that term is defined in 17 C.F.R. 240.16a-1(e), and may be exercised during the lifetime of Optionee only by Optionee or in the event of Optionee’s incapacity, by Optionee’s legal representative. The terms of this Option shall be binding upon the executors, administrators, successors and assigns of Optionee.

## 7. RESTRICTIONS ON TRANSFER.

**7.1 Disposition of Shares.** Optionee hereby agrees that Optionee shall make no disposition of any of the Shares (other than as permitted by this Agreement) unless and until:

(a) Optionee shall have notified the Company of the proposed disposition and provided a written summary of the terms and conditions of the proposed disposition;

(b) Optionee shall have complied with all requirements of this Agreement applicable to the disposition of the Shares;

(c) Optionee shall have provided the Company with written assurances, in form and substance satisfactory to counsel for the Company, that (i) the proposed disposition does not require registration of the Shares under the Securities Act or under any applicable state securities laws or (ii) all appropriate actions necessary for compliance with the registration requirements of the Securities Act or of any exemption from registration available under the Securities Act (including Rule 144) or applicable state securities laws have been taken; and

(d) Optionee shall have provided the Company with written assurances, in form and substance satisfactory to the Company, that the proposed disposition will not result in the contravention of any transfer restrictions applicable to the Shares pursuant to the provisions of the regulations promulgated under Section 25102(o), Rule 701 or under any other applicable securities laws or adversely affect the Company's ability to rely on the exemption(s) from registration under the Securities Act or under any other applicable securities laws for the grant of the Option, the issuance of Shares thereunder or any other issuance of securities under the Plan.

**7.2 Restriction on Transfer.** Optionee shall not transfer, assign, grant a lien or security interest in, pledge, hypothecate, encumber or otherwise dispose of any of the Shares which are subject to the Company's Right of First Refusal described below, except as permitted by this Agreement. In addition, Optionee acknowledges and agrees that the Shares shall be subject to the restrictions on transferability and resale set forth in the Company's Bylaws in effect on the date of exercise (the "**Bylaws**").

**7.3 Transferee Obligations.** Each person (other than the Company) to whom the Shares are transferred by means of one of the permitted transfers specified in this Agreement must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Agreement and that the transferred Shares are subject to (i) the Company's Right of First Refusal granted hereunder and (ii) the market stand-off provisions of Section 8 below, to the same extent such Shares would be so subject if retained by Optionee.

**8. MARKET STANDOFF AGREEMENT.** Optionee agrees that, subject to any early release provisions that apply pro rata to stockholders of the Company according to their holdings of Common Stock (determined on an as-converted into Common Stock basis), Optionee will not, for a period of up to one hundred eighty (180) days (plus up to an additional thirty five (35) days to the extent reasonably requested by the Company or such underwriter(s) to accommodate regulatory restrictions on the publication or other distribution of research reports or earnings releases by the Company, including NASD and NYSE rules) following the effective date of the registration statement filed with the SEC relating to the initial underwritten sale of Common Stock of the Company to the public under the Securities Act (the "**IPO**"), directly or indirectly sell, offer to sell, grant any option for the sale of, or otherwise dispose of any Common Stock or securities convertible into Common Stock, except for: (i) transfers of Shares permitted under Section 9.6 hereof so long as such transferee furnishes to the Company and the managing underwriter their written consent to be bound by this Section 8 as a condition precedent to such transfer; and (ii) sales of any securities to be included in the registration statement for the IPO. For the avoidance of doubt, the provisions of this Section shall only apply to the IPO. The restricted period shall in any event terminate two (2) years after the closing date of the IPO. In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the Shares subject to this Section and to impose stop transfer instructions with respect to the Shares until the end of such period. Optionee further agrees to enter into any agreement reasonably required by the underwriters to implement the foregoing restrictions on transfer. For the avoidance of doubt, the foregoing provisions of this Section shall not apply to any registration of securities of the Company (a) under an employee benefit plan or (b) in a merger, consolidation, business combination or similar transaction.

**9. COMPANY'S RIGHT OF FIRST REFUSAL.** Subject to the restrictions on transfer set forth in the Bylaws, before any Shares held by Optionee or any transferee of such Shares (either sometimes referred to herein as the "**Holder**") may be sold or otherwise transferred (including, without limitation, a transfer by gift or operation of law), the Company and/or its assignee(s) will have a right of first refusal to purchase the Shares to be sold or transferred (the "**Offered Shares**") on the terms and conditions set forth in this Section (the "**Right of First Refusal**").

**9.1 Notice of Proposed Transfer.** The Holder of the Offered Shares will deliver to the Company a written notice (the "**Notice**") stating: (i) the Holder's bona fide intention to sell or otherwise transfer the Offered Shares; (ii) the name and address of each proposed purchaser or other transferee (the "**Proposed Transferee**"); (iii) the number of Offered Shares to be transferred to each Proposed Transferee; (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Offered Shares (the "**Offered Price**"); and (v) that the Holder acknowledges this Notice is an offer to sell the Offered Shares to the Company and/or its assignee(s) pursuant to the Company's Right of First Refusal at the Offered Price as provided for in this Agreement.

**9.2 Exercise of Right of First Refusal.** At any time within thirty (30) days after the date of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all (or, with the consent of the Holder, less than all) the Offered Shares proposed to be transferred to any one or more of the Proposed Transferees named in the Notice, at the purchase price, determined as specified below.

**9.3 Purchase Price.** The purchase price for the Offered Shares purchased under this Section will be the Offered Price, *provided* that if the Offered Price consists of no legal consideration (as, for example, in the case of a transfer by gift) then the purchase price will be the fair market value of the Offered Shares as determined in good faith by the Committee. If the Offered Price includes consideration other than cash, then the value of the non-cash consideration, as determined in good faith by the Committee, will conclusively be deemed to be the cash equivalent value of such non-cash consideration.

**9.4 Payment.** Payment of the purchase price for the Offered Shares will be payable, at the option of the Company and/or its assignee(s) (as applicable), by check or by cancellation of all or a portion of any outstanding purchase money indebtedness owed by the Holder to the Company (or to such assignee, in the case of a purchase of Offered Shares by such assignee) or by any combination thereof. The purchase price will be paid without interest within sixty (60) days after the Company's receipt of the Notice, or, at the option of the Company and/or its assignee(s), in the manner and at the time(s) set forth in the Notice.

**9.5 Holder's Right to Transfer.** If all of the Offered Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Offered Shares to each Proposed Transferee at the Offered Price or at a higher price, *provided* that (i) such sale or other transfer is consummated within ninety (90) days after the date of the Notice, (ii) any such sale or other transfer is effected in compliance with all applicable securities laws, and (iii) each Proposed Transferee agrees in writing that the provisions of this Section will continue to apply to the Offered Shares in the hands of such Proposed Transferee. If the Offered Shares described in the Notice are not transferred to each Proposed Transferee within such ninety (90) day period, then a new Notice must be given to the Company pursuant to which the Company will again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

**9.6 Exempt Transfers.** Notwithstanding anything to the contrary in this Section, the following transfers of Shares will be exempt from the Right of First Refusal: (i) the transfer of any or all of the Shares during Optionee's lifetime by gift or on Optionee's death by will or intestacy to any member(s) of Optionee's "Immediate Family" (as defined below) or to a trust for the benefit of Optionee and/or member(s) of Optionee's Immediate Family, *provided* that each transferee or other recipient agrees in a writing satisfactory to the Company that the provisions of this Section will continue to apply to the transferred Shares in the hands of such transferee or other recipient; (ii) any transfer of Shares made pursuant to a statutory merger, statutory consolidation of the Company with or into another corporation or corporations or a conversion of the Company into another form of legal entity (except that the Right of First Refusal will continue to apply thereafter to such Shares, in which case the surviving corporation of such merger or consolidation or the resulting entity of such conversion shall succeed to the rights of the Company under this Section unless the agreement of merger or consolidation or conversion expressly otherwise provides); or (iii) any transfer of Shares pursuant to the winding up and dissolution of the Company. As used herein, the term "**Immediate Family**" will mean Optionee's spouse, the lineal descendant or antecedent, father, mother, brother or sister, child, adopted child, grandchild or adopted grandchild of Optionee or Optionee's spouse, or the spouse of any of the above or Spousal Equivalent, as defined herein. As used herein, a person is deemed to be a "**Spousal Equivalent**" provided the following circumstances are true: (i) irrespective of whether or not Optionee and the Spousal Equivalent are the same sex, they are the sole spousal equivalent of the other for the last twelve (12) months, (ii) they intend to remain so indefinitely, (iii) neither are married to anyone else, (iv) both are at least 18 years of age and mentally competent to consent to contract, (v) they are not related by blood to a degree of closeness that which would prohibit legal marriage in the state in which they legally reside, (vi) they are jointly responsible for each other's common welfare and financial obligations, and (vii) they reside together in the same residence for the last twelve (12) months and intend to do so indefinitely.

**9.7 Termination of Right of First Refusal.** The Right of First Refusal will terminate as to all Shares: (i) on the effective date of the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC under the Securities Act (other than a registration statement relating solely to the issuance of Common Stock pursuant to a business combination or an employee incentive or benefit plan); (ii) on any transfer or conversion of Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations if the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered under the Exchange Act; or (iii) on any transfer or conversion of Shares made pursuant to a statutory conversion of the Company into another form of legal entity if the common equity (or comparable equity security) of entity resulting from such conversion is registered under the Exchange Act.

**9.8 Encumbrances on Shares.** Optionee may grant a lien or security interest in, or pledge, hypothecate or encumber Shares only if each party to whom such lien or security interest is granted, or to whom such pledge, hypothecation or other encumbrance is made, agrees in a writing satisfactory to the Company that: (i) such lien, security interest, pledge, hypothecation or encumbrance will not adversely affect or impair the Right of First Refusal or the rights of the Company and/or its assignee(s) with respect thereto and will not apply to such Shares after they are acquired by the Company and/or its assignees under this Section; and (ii) the provisions of this Agreement will continue to apply to such Shares in the hands of such party and any transferee of such party.

**10. RIGHTS AS A STOCKHOLDER.** Optionee shall not have any of the rights of a stockholder with respect to any Shares unless and until such Shares are issued to Optionee. Subject to the terms and conditions of this Agreement, Optionee will have all of the rights of a stockholder of the Company with respect to the Shares from and after the date that Shares are issued to Optionee pursuant to, and in accordance with, the terms of the Exercise Agreement until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercise(s) the Right of First Refusal. Upon an exercise of the Right of First Refusal, Optionee will have no further rights as a holder of the Shares so purchased upon such exercise, other than the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee will promptly surrender the stock certificate(s) evidencing the Shares so purchased to the Company for transfer or cancellation.

**11. ESCROW.** As security for Optionee's faithful performance of this Agreement, Optionee agrees, immediately upon receipt of the stock certificate(s) evidencing the Shares, to deliver such certificate(s) to the Secretary of the Company or other designee of the Company (the "**Escrow Holder**"), who is hereby appointed to hold such certificate(s) in escrow and to take all such actions and to effectuate all such transfers and/or releases of such Shares as are in accordance with the terms of this Agreement. Optionee and the Company agree that Escrow Holder will not be liable to any party to this Agreement (or to any other party) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Agreement. Escrow Holder may rely upon any letter, notice or other document executed with any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Agreement and will not be liable for any act or omission taken by Escrow Holder in good faith reliance on such documents, the advice of counsel or a court order. The Shares will be released from escrow upon termination of the Right of First Refusal.

## **12. RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS.**

**12.1 Legends.** Optionee understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Shares, together with any other legends that may be required by state or U.S. Federal securities laws, the Company's Certificate of Incorporation or Bylaws, any other agreement between Optionee and the Company, or any agreement between Optionee and any third party (and any other legend(s) that the Company may become obligated to place on the stock certificate(s) evidencing the Shares under the terms of any agreement to which the Company is or may become bound or obligated):

(a) THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

(b) THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER, INCLUDING THE RIGHT OF FIRST REFUSAL HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S) AS SET FORTH IN A STOCK OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH SALE AND TRANSFER RESTRICTIONS, INCLUDING THE RIGHT OF FIRST REFUSAL, ARE BINDING ON TRANSFEREES OF THESE SHARES.

(c) THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A MARKET STANDOFF RESTRICTION AS SET FORTH IN A CERTAIN STOCK OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED PRIOR TO 180 DAYS AFTER THE EFFECTIVE DATE OF CERTAIN PUBLIC OFFERINGS OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

**12.2 Stop-Transfer Instructions.** Optionee agrees that, to ensure compliance with the restrictions imposed by this Agreement, the Company may issue appropriate “stop-transfer” instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

**12.3 Refusal to Transfer.** The Company will not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares, or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares have been so transferred.

**13. CERTAIN TAX CONSEQUENCES.** Set forth below is a brief summary as of the Effective Date of the Plan of some of the federal tax consequences of exercise of the Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

**13.1 Exercise of ISO.** If the Option qualifies as an ISO, there will be no regular federal income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for federal alternative minimum tax purposes and may subject Optionee to the alternative minimum tax in the year of exercise.

**13.2 Exercise of Nonqualified Stock Option.** If the Option does not qualify as an ISO, there may be a regular federal income tax liability upon the exercise of the Option. Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If Optionee is a current or former employee of the Company, the Company may be required to withhold from Optionee’s compensation or collect from Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

**13.3 Disposition of Shares.** The following tax consequences may apply upon disposition of the Shares.

(a) **Incentive Stock Options.** If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant, any gain realized on disposition of the Shares will be treated as long term capital gain for federal income tax purposes. If Shares purchased under an ISO are disposed of within the applicable one (1) year or two (2) year period, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates in the year of the disposition) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) **Nonqualified Stock Options.** If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as long term capital gain.

#### **14. GENERAL PROVISIONS.**

**14.1 Interpretation.** Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Optionee.



**14.2 Entire Agreement.** The Plan, the Grant Notice and the Exercise Agreement are each incorporated herein by reference. This Agreement, the Grant Notice, the Plan and the Exercise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior undertakings and agreements with respect to such subject matter.

**15. NOTICES.** Any and all notices required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed to provide such party sufficient notice under this Agreement on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) at the time an electronic confirmation of receipt is received, if delivery is by email; (iii) at the time of transmission by facsimile, addressed to the other party at its facsimile number specified herein (or hereafter modified by subsequent notice to the parties hereto), with confirmation of receipt made by both telephone and printed confirmation sheet verifying successful transmission of the facsimile; (iv) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (v) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. Any notice for delivery outside the United States will be sent by email, facsimile or by express courier. Any notice not delivered personally or by email will be sent with postage and/or other charges prepaid and properly addressed to Optionee at the last known address or facsimile number on the books of the Company, or at such other address or facsimile number as such other party may designate by one of the indicated means of notice herein to the other parties hereto or, in the case of the Company, to it at its principal place of business. Notices to the Company will be marked "Attention: Chief Financial Officer." Notices by facsimile shall be machine verified as received.

**16. SUCCESSORS AND ASSIGNS.** The Company may assign any of its rights under this Agreement including its rights to purchase Shares under the Right of First Refusal. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

**17. GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within California. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

**18. FURTHER ASSURANCES.** The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

**19. TITLES AND HEADINGS.** The titles, captions and headings of this Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Agreement. Unless otherwise specifically stated, all references herein to "sections" and "exhibits" will mean "sections" and "exhibits" to this Agreement.

**20. COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement.

**21. SEVERABILITY.** If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement. Notwithstanding the foregoing, if the value of this Agreement based upon the substantial benefit of the bargain for any party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

\* \* \* \* \*

**Attachment:** Annex A: Form of Stock Option Exercise Notice and Agreement

---

ANNEX A

**FORM OF STOCK OPTION EXERCISE NOTICE AND AGREEMENT**

**STOCK OPTION EXERCISE NOTICE AND AGREEMENT**

LYELL IMMUNOPHARMA, INC.

2018 EQUITY INCENTIVE PLAN

**\*NOTE:** You must sign this Notice on Page 3 before submitting it to Lyell Immunopharma, Inc. (the "Company").

**OPTIONEE INFORMATION:** Please provide the following information about yourself ("Optionee"):

Name: _____	Social Security Number: _____
Address: _____	Employee Number: _____
_____	Email Address: _____

**OPTION INFORMATION:** Please provide this information on the option being exercised (the "Option"):

Grant No.	
Date of Grant:	Type of Stock Option:
Option Price per Share: \$____	<input type="checkbox"/> Nonqualified (NQSO)
Total number of shares of Common Stock of the Company subject to the Option:	<input type="checkbox"/> Incentive (ISO)

**EXERCISE INFORMATION:**

Number of shares of Common Stock of the Company for which the Option is now being exercised [\_\_\_\_\_]. (These shares are referred to below as the "**Purchased Shares**.")

Total Exercise Price Being Paid for the Purchased Shares: \$\_\_\_\_\_

Form of payment enclosed [**check all that apply**]:

- Check for \$\_\_\_\_\_, payable to "**Lyell Immunopharma, Inc.**"
- Certificate(s) for \_\_\_\_\_ shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. [**Requires Company consent.**]

**AGREEMENTS, REPRESENTATIONS AND ACKNOWLEDGMENTS OF OPTIONEE:** By signing this Stock Option Exercise Notice and Agreement, Optionee hereby agrees with, and represents to, the Company as follows:

1. **Terms Governing.** I acknowledge and agree with the Company that I am acquiring the Purchased Shares by exercise of this Option subject to all other terms and conditions of the Notice of Stock Option Grant and the Stock Option Agreement that govern the Option, including without limitation the terms of the Company's 2018 Equity Incentive Plan, as it may be amended (the "**Plan**").
2. **Investment Intent; Securities Law Restrictions.** I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any "distribution" of the Purchased Shares within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**"). I understand that the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption from such

registration requirement and that the Purchased Shares must be held by me indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required. I acknowledge that the Company is under no obligation to register the Purchased Shares under the Securities Act or under any other securities law.

3. **Restrictions on Transfer: Rule 144.** I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder (including Rule 144 under the Securities Act described below (“**Rule 144**”)) or of any other applicable securities laws. I am aware of Rule 144, which permits limited public resales of securities acquired in a non-public offering, subject to satisfaction of certain conditions, which include (without limitation) that: (a) certain current public information about the Company is available; (b) the resale occurs only after the holding period required by Rule 144 has been met; (c) the sale occurs through an unsolicited “broker’s transaction”; and (d) the amount of securities being sold during any three-month period does not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company has no plans to satisfy these conditions in the foreseeable future.
4. **Access to Information; Understanding of Risk in Investment.** I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.
5. **Rights of First Refusal; Market Stand-off.** I acknowledge that the Purchased Shares remain subject to the Company’s Right of First Refusal and the market stand-off covenants (sometimes referred to as the “lock-up”), all in accordance with the applicable Notice of Stock Option Grant and the Stock Option Agreement that govern the Option.
6. **Form of Ownership.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership of the Purchased Shares that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that is not an eligible revocable trust, I also acknowledge that the transfer will be treated as a “disposition” for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.
7. **Investigation of Tax Consequences.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.
8. **Other Tax Matters.** I agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options (including the Option) are exempt from section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Common Stock at the time the option was granted by the Board. Since shares of the Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Board and/or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

- 
- 9. Spouse Consent.** I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.
- 10. Tax Withholding.** As a condition of exercising this Option, I agree to make adequate provision for foreign, federal, state or other tax withholding obligations, if any, which arise upon the grant, vesting or exercise of this Option, or disposition of the Purchased Shares, whether by withholding, direct payment to the Company, or otherwise.

The undersigned hereby executes and delivers this Stock Option Exercise Notice and Agreement and agrees to be bound by its terms

**SIGNATURE:**

**DATE:**

\_\_\_\_\_  
Optionee's Name:

**[Signature Page to Stock Option Exercise Notice and Agreement]**

LYELL IMMUNOPHARMA, INC.

2018 EQUITY INCENTIVE PLAN

**RESTRICTED STOCK PURCHASE AGREEMENT**

This Restricted Stock Purchase Agreement (the “**Agreement**”) is made and entered into as of \_\_\_\_\_ (the “**Effective Date**”) by and between Lyell Immunopharma, Inc., a Delaware corporation (the “**Company**”), and \_\_\_\_\_ (“**Purchaser**”). Capitalized terms not defined herein shall have the meanings ascribed to them in the Company’s 2018 Equity Incentive Plan, as may be amended from time to time (the “**Plan**”).

**1. PURCHASE OF SHARES.**

**1.1 Agreement to Purchase and Sell Shares.** On the Effective Date and subject to the terms and conditions of this Agreement and the Plan, Purchaser hereby purchases from the Company, and the Company hereby sells to Purchaser, \_\_\_\_\_ (\_\_\_\_\_) shares of the Company’s Common Stock (the “**Shares**”), at the price of \_\_\_\_\_ (\$\_\_\_\_) per share (the “**Purchase Price Per Share**”) for a Total Purchase Price of \_\_\_\_\_ (\$\_\_\_\_\_) (the “**Purchase Price**”). As used in this Agreement, the term “**Shares**” includes the Shares purchased under this Agreement and all securities received (a) in replacement of the Shares, (b) as a result of stock dividends or stock splits with respect to the Shares, and (c) in replacement of the Shares in a merger, recapitalization, reorganization or similar corporate transaction.

**1.2 Payment.** Purchaser hereby delivers payment of the Purchase Price as follows (check and complete as appropriate):

- in cash (by check) in the amount of \$\_\_\_\_\_, receipt of which is acknowledged by the Company.
- by cancellation of indebtedness of the Company owed to Purchaser in the amount of \$\_\_\_\_\_.
- by the waiver hereby of compensation due or accrued for services rendered in the amount of \$\_\_\_\_\_.
- by delivery of \_\_\_\_\_ fully-paid, nonassessable and vested shares of the Common Stock of the Company owned by Purchaser free and clear of all liens, claims, encumbrances or security interests, valued at the current Fair Market Value of \$\_\_\_\_\_ per share (a) for which the Company has received “full payment of the purchase price” within the meaning of SEC Rule 144, (if purchased by use of a promissory note, such note has been fully paid with respect to such vested shares), or (b) that were obtained by Purchaser in the open public market.

**2. DELIVERIES.**

**2.1 Deliveries by the Purchaser.** Purchaser hereby delivers to the Company at its principal executive offices: (a) this completed and signed Agreement, and (b) the Purchase Price, paid by delivery of the form of payment specified in Section 1.2.

**2.2 Deliveries by the Company.** Upon its receipt of the Purchase Price, payment or other provision for any applicable tax obligations, if any, and all the documents to be executed and delivered by Purchaser to the Company as provided herein, the Company will issue a duly executed stock certificate evidencing the Shares in the name of Purchaser with the appropriate legends affixed thereto, to be placed in escrow as provided in Section 7.2 to secure performance of Purchaser’s obligations under Sections 5 and 6 until expiration or termination of the Company’s Repurchase Option and Refusal Right (as such terms are defined in Sections 5 and 6, respectively).

**3. REPRESENTATIONS AND WARRANTIES OF PURCHASER.** Purchaser represents and warrants to the Company as follows.

**3.1 Agrees to Terms of the Plan.** Purchaser has received a copy of the Plan, has read and understands the terms of the Plan and this Agreement, and agrees to be bound by their terms and conditions.

**3.2 Acknowledgment of Tax Risks.** Purchaser acknowledges that there may be adverse tax consequences upon the purchase and the disposition of the Shares, and that Purchaser has been advised by the Company to consult a tax adviser prior to such purchase or disposition. Purchaser further acknowledges that Purchaser is not relying on the Company or its counsel for tax advice regarding Purchaser's purchase or disposition of the Shares or the tax consequences to Purchaser of this Agreement.

**3.3 Shares Not Registered or Qualified.** Purchaser understands and acknowledges that the Shares have not been registered with the SEC under the Securities Act, or with any securities regulatory agency administering any state securities laws, and that, notwithstanding any other provision of this Agreement to the contrary, the purchase of any Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Purchaser agrees to cooperate with the Company to ensure compliance with such laws.

**3.4 No Transfer Unless Registered or Exempt; Contractual Restrictions on Transfers.** Purchaser understands that Purchaser may not transfer any Shares unless such Shares are registered under the Securities Act or qualified under applicable state securities laws or unless, in the opinion of counsel to the Company, exemptions from such registration and qualification requirements are available. Purchaser understands that only the Company may file a registration statement with the SEC and that the Company is under no obligation to do so with respect to the Shares. Purchaser has also been advised that exemptions from registration and qualification may not be available or may not permit Purchaser to transfer all or any of the Shares in the amounts or at the times proposed by Purchaser. Purchaser further acknowledges that this Agreement imposes additional restrictions on transfer of the Shares.

**3.5 SEC Rule 701.** Shares that are issued pursuant to SEC Rule 701 promulgated under the Securities Act may become freely tradable by non-affiliates (under limited conditions regarding the method of sale) ninety (90) days after the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC, subject to the lengthier market standoff agreement contained in Section 4 of this Agreement or any other agreement entered into by Purchaser. Affiliates must comply with the provisions (other than the holding period requirements) of Rule 144 which permits certain limited sales of unregistered securities. Rule 144 is not presently available with respect to the Shares and, in any event, requires that the Shares be held for a minimum of six (6) months, and in certain cases one (1) year, after they have been purchased and paid for (within the meaning of Rule 144). Purchaser understands that use of a promissory note as payment for the Shares may not be deemed to be "full payment of the purchase price" within the meaning of Rule 144 unless certain conditions are met and that, accordingly, the Rule 144 holding period of such Shares may not begin to run until such Shares are fully paid for within the meaning of Rule 144. Purchaser understands that Rule 144 may indefinitely restrict transfer of the Shares so long as Purchaser remains an "affiliate" of the Company or if "current public information" about the Company (as defined in Rule 144) is not publicly available.

**3.6 Access to Information.** Purchaser has had access to all information regarding the Company and its present and prospective business, assets, liabilities and financial condition that Purchaser reasonably considers important in making the decision to purchase the Shares, and Purchaser has had ample opportunity to ask questions of the Company's representatives concerning such matters and this investment.

**3.7 Understanding of Risks.** Purchaser is fully aware of: (a) the highly speculative nature of the investment in the Shares; (b) the financial hazards involved; (c) the lack of liquidity of the Shares and the restrictions on transferability of the Shares (e.g., that Purchaser may not be able to sell or dispose of the Shares or use them as collateral for loans); (d) the qualifications and backgrounds of the management of the Company; and (e) the tax consequences of investment in, and disposition of, the Shares.

**3.8 Purchase for Own Account for Investment.** Purchaser is purchasing the Shares for Purchaser's own account for investment purposes only and not with a view to, or for sale in connection with, a distribution of the Shares within the meaning of the Securities Act. Purchaser has no present intention of selling or otherwise disposing of all or any portion of the Shares and no one other than Purchaser has any beneficial ownership of any of the Shares.

**3.9 No General Solicitation.** At no time was Purchaser presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Shares.

**3.10 SEC Rule 144.** Purchaser has been advised that SEC Rule 144 promulgated under the Securities Act, which permits certain limited sales of unregistered securities, is not presently available with respect to the Shares and, in any event, requires that the Shares be held for a minimum of six (6) months, and in certain cases one (1) year, after they have been purchased and paid for (within the meaning of Rule 144), subject to the lengthier market standoff agreement contained in Section 4 of this Agreement or any other agreement entered into by Purchaser. Purchaser understands that Rule 144 may indefinitely restrict transfer of the Shares so long as Purchaser remains an "affiliate" of the Company or if "current public information" about the Company (as defined in Rule 144) is not publicly available.

**4. MARKET STANDOFF AGREEMENT.** Subject to the provisions of this Section, Purchaser agrees in connection with any registration of the Company's securities under the Securities Act or other registered public offering that, Purchaser will not sell or otherwise dispose of any Shares without the prior written consent of the Company or such managing underwriters, as the case may be, for a period of time (not to exceed one hundred eighty (180) days) after the effective date of such registration requested by such managing underwriters and subject to all restrictions as the Company or the managing underwriters may specify for employee-stockholders generally; provided however, that if during the last seventeen (17) days of the restricted period the Company issues an earnings release or material news, or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the last day of the restricted period, then, if required by the underwriters or the Company, for so long as, and to the extent that, Rule 2711 or any successor rule of the Financial Industry Regulatory Authority applies, the restrictions imposed by this Section 4 shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. The restricted period shall in any event terminate two (2) years after the closing date of the Company's initial public offering. For purposes of this Section 4, the term "Company" shall include any wholly-owned subsidiary of the Company into which the Company merges or consolidates. In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the shares subject to this Section and to impose stop transfer instructions with respect to the Shares until the end of such period. Purchaser further agrees that the underwriters of any such registered public offering shall be third party beneficiaries of this Section 4 and agrees to enter into any agreement reasonably required by the underwriters to implement the foregoing. Notwithstanding anything in this Section to the contrary, for the avoidance of doubt, the foregoing provisions of this Section shall not apply to any registration of securities of the Company (a) under an employee benefit plan or (b) in a merger, consolidation, business combination or similar transaction.



**5. COMPANY'S REPURCHASE OPTION FOR UNVESTED SHARES.** The Company, or (subject to Section 5.6) its assignee, shall have the option to repurchase all or a portion of the Purchaser's Shares that are Unvested Shares (as defined below) on the Termination Date on the terms and conditions set forth in this Section (the "**Repurchase Option**") if Purchaser is Terminated (as defined in the Plan) for any reason, or no reason, including without limitation, Purchaser's death, Disability (as defined in the Plan), voluntary resignation or termination by the Company with or without Cause.

**5.1 Termination and Termination Date.** In case of any dispute as to whether Purchaser is Terminated, the Committee shall have discretion to determine in good faith whether Purchaser has been Terminated and the effective date of such Termination (the "**Termination Date**").

**5.2 Vested and Unvested Shares.** Shares that are vested pursuant to the schedule set forth in this Section 5.2 are "**Vested Shares**." Shares that are not vested pursuant to such schedule are "**Unvested Shares**." On the Effective Date, \_\_\_\_\_ of the Shares will be Unvested Shares (the "**Initial Unvested Shares**"). Provided Purchaser continues to provide services to the Company or any Subsidiary or Parent of the Company at all times from the Effective Date until \_\_\_\_\_ (the "**First Vesting Date**"), then on the First Vesting Date one-fourth (1/4<sup>th</sup>) of the Initial Unvested Shares will become Vested Shares, and on the same day of each succeeding calendar month thereafter (or if there is no such day in any month, then the last day of such calendar month), an additional one forty-eighth 1/48<sup>th</sup> of the Initial Unvested Shares shall vest until the earliest to occur of (a) the date all of the Shares are Vested Shares, (b) the Termination Date or (c) the date vesting otherwise terminates pursuant to this Agreement or the Plan. No fractional Shares shall be issued. No Shares will become Vested Shares after the Termination Date. The number of the Shares that are Vested Shares or Unvested Shares will be proportionally adjusted to reflect any stock split, reverse stock split or similar change in the capital structure of the Company as set forth in Section 2.2 of the Plan occurring after the Effective Date.

**5.3 Exercise of Repurchase Option.** At any time within ninety (90) days after the Purchaser's Termination Date, the Company, or its assignee, may, at its option, elect to repurchase any or all the Purchaser's Shares that are Unvested Shares on the Termination Date by giving Purchaser written notice of exercise of the Repurchase Option, specifying the number of Unvested Shares to be repurchased. Such Unvested Shares shall be repurchased at the Purchase Price Per Share, proportionately adjusted for any stock split, reverse stock split or similar change in the capital structure of the Company as set forth in Section 2.2 of the Plan occurring after the Effective Date (the "**Repurchase Price**"). The Repurchase Price shall be payable, at the option of the Company or its assignee, by check or by cancellation of all or a portion of any outstanding indebtedness owed by Purchaser to the Company and/or such assignee, or by any combination thereof. The Repurchase Price shall be paid without interest within the term of the Repurchase Option as described in the first sentence of this Section 5.3. The Company may, at its option, decline to exercise its Repurchase Option or may exercise its Repurchase Option only with respect to a portion of the Unvested Shares.

**5.4 Right of Termination Unaffected.** Nothing in this Agreement shall be construed to limit or otherwise affect in any manner whatsoever the right or power of the Company (or any Parent or Subsidiary of the Company) to terminate Purchaser's employment or other relationship with Company (or the Parent or Subsidiary of the Company) at any time, for any reason or no reason, with or without Cause.

**5.5 Additional or Exchanged Securities and Property.** Subject to the provisions of Section 5.2 above, in the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed or issued with respect to, any Unvested Shares shall immediately be subject to the Repurchase Option. Appropriate adjustments shall be made to the price per share to be paid for Unvested Shares upon the exercise of the Repurchase Option (by allocating such price among the Unvested Shares and such other securities or property), *provided* that the aggregate purchase price payable for the Unvested Shares and all such other securities and property shall remain the same price that was original payable under the Repurchase Option to repurchase such Unvested Shares. Subject to the provisions of Section 5.2 above, in the event of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, the Repurchase Option may be exercised by the Company's successor.

**5.6 Assignment of Repurchase Right.** The Company may freely assign the Company's Repurchase Option, in whole or in part, provided that any person who accepts an assignment of the Repurchase Option from the Company shall assume all of the Company's rights and obligations with respect to the Repurchase Option (to the extent so assigned) under this Agreement.

**6. COMPANY'S REFUSAL RIGHT.** Unvested Shares shall be subject to the restrictions on transfer and the granting of encumbrances thereon as provided in Section 7 hereof. Before any Vested Shares (as defined in Section 5 hereof) held by Purchaser or any transferee of such Vested Shares (either sometimes referred to herein as the "**Holder**") may be sold or otherwise transferred (including, without limitation, a transfer by gift or operation of law), the Company and/or its assignee(s) will have a right of first refusal to purchase the Vested Shares to be sold or transferred (the "**Offered Shares**") on the terms and conditions set forth in this Section (the "**Refusal Right**").

**6.1 Notice of Proposed Transfer.** The Holder of the Offered Shares will deliver to the Company a written notice (the "**Notice**") stating: (a) the Holder's bona fide intention to sell or otherwise transfer the Offered Shares; (b) the name and address of each proposed purchaser or other transferee of Offered Shares ("**Proposed Transferee**"); (c) the number of Offered Shares to be transferred to each Proposed Transferee; (d) the bona fide cash price or other consideration for which the Holder proposes to transfer the Offered Shares to each Proposed Transferee (the "**Offered Price**"); and (e) that the Holder acknowledges this Notice is an offer to sell the Offered Shares to the Company and/or its assignee(s) pursuant to the Company's Refusal Right at the Offered Price as provided for in this Agreement.

**6.2 Exercise of Refusal Right.** At any time within thirty (30) days after the date the Notice is effective pursuant to Section 9.2, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all (or, with the consent of the Holder, less than all) the Offered Shares proposed to be transferred to any one or more of the Proposed Transferees named in the Notice, at the purchase price, determined as provided in Section 6.3 below.

**6.3 Purchase Price.** The purchase price for the Offered Shares purchased under this Section will be the Offered Price, *provided* that if the Offered Price consists of no legal consideration (as, for example, in the case of a transfer by gift), then the purchase price will be the fair market value of the Offered Shares as determined in good faith by the Company's Board of Directors. If the Offered Price includes consideration other than cash, then the value of the non-cash consideration, as determined in good faith by the Company's Board of Directors, will conclusively be deemed to be the cash equivalent value of such non-cash consideration.

**6.4 Payment.** The purchase price for the Offered Shares will be paid, at the option of the Company and/or its assignee(s) (as applicable), by check or by cancellation of all or a portion of any outstanding indebtedness owed by the Holder to the Company (or to such assignee, in the case of a purchase of Offered Shares by such assignee) or by any combination thereof. The purchase price will be paid without interest within sixty (60) days after the Company's receipt of the Notice, or, at the option of the Company and/or its assignee(s), in the manner and at the time(s) set forth in the Notice.

**6.5 Holder's Right to Transfer.** If all of the Offered Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Offered Shares to such Proposed Transferee at the Offered Price or at a higher price, *provided* that (a) such sale or other transfer is consummated within one hundred twenty (120) days after the date the Notice is effective pursuant to Section 9.2, (b) any such sale or other transfer is effected in compliance with all applicable securities laws, and (c) such Proposed Transferee agrees in writing that the provisions of this Section will continue to apply to the Offered Shares in the hands of such Proposed Transferee. If the Offered Shares described in the Notice are not transferred to such Proposed Transferee within such one hundred twenty (120) day period, then a new Notice must be given to the Company pursuant to which the Company will again be offered the Refusal Right before any Shares held by the Holder may be sold or otherwise transferred.

**6.6 Exempt Transfers.** Notwithstanding the foregoing, the following transfers of Vested Shares will be exempt from the Refusal Right: (a) the transfer of any or all of the Vested Shares during Purchaser's lifetime by gift or on Purchaser's death by will or intestacy to Purchaser's "Immediate Family" (as defined below) or to a trust for the benefit of Purchaser or Purchaser's Immediate Family, *provided* that each transferee agrees in a writing satisfactory to the Company that the provisions of this Section will continue to apply to the transferred Vested Shares in the hands of such transferee; (b) any transfer of Vested Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another entity or entities (except that, subject to Section 6.7, unless the agreement of merger or consolidation expressly otherwise provides, the Refusal Right will continue to apply thereafter to such Vested Shares, in which case the surviving entity of such merger or consolidation shall succeed to the rights of the Company under this Section); or (c) any transfer of Vested Shares pursuant to the winding up and dissolution of the Company. As used herein, the term "**Immediate Family**" will mean Purchaser's spouse, the lineal descendant or antecedent, father, mother, brother or sister, child, adopted child, grandchild or adopted grandchild of Purchaser or Purchaser's spouse, or the spouse of any of the above or Spousal Equivalent, as defined herein. As used herein, a person is deemed to be a "**Spousal Equivalent**" provided the following circumstances are true: (i) irrespective of whether or not the Purchaser and the Spousal Equivalent are the same sex, they are the sole spousal equivalent of the other for the last twelve (12) months, (ii) they intend to remain so indefinitely, (iii) neither are married to anyone else, (iv) both are at least 18 years of age and mentally competent to consent to contract, (v) they are not related by blood to a degree of closeness that which would prohibit legal marriage in the state in which they legally reside, (vi) they are jointly responsible for each other's common welfare and financial obligations, and (vii) they reside together in the same residence for the last twelve (12) months and intend to do so indefinitely.

**6.7 Termination of Refusal Right.** The Refusal Right will terminate as to all Shares: (a) on the effective date of the first sale of Common Stock of the Company to the public pursuant to a registration statement filed with and declared effective by the SEC under the Securities Act or, if expressly approved by the Board as terminating the Refusal Right, under the laws of any other country having substantially the same effect (other than a registration statement relating solely to the issuance of Common Stock pursuant to a business combination or an employee incentive or benefit plan) or (b) on any transfer or conversion of Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another entity or entities if the common stock of the surviving entity or any direct or indirect parent entity thereof is registered under the Securities Exchange Act of 1934, as amended.

## 7. ADDITIONAL RESTRICTIONS UPON SHARE OWNERSHIP OR TRANSFER.

**7.1 Rights as a Stockholder.** Subject to the terms and conditions of this Agreement, Purchaser will have all of the rights of a stockholder of the Company with respect to the Shares from and after the date that Shares are issued to Purchaser until such time as Purchaser disposes of the Shares or the Company and/or its assignee(s) exercise(s) the Refusal Right or the Repurchase Option. Upon an exercise of the Refusal Right or the Repurchase Option, Purchaser will have no further rights as a holder of the Shares so purchased upon such exercise, other than the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Purchaser will promptly surrender the stock certificate(s) evidencing the Shares so purchased to the Company for transfer or cancellation.

**7.2 Escrow.** As security for Purchaser's faithful performance of this Agreement, Purchaser agrees, immediately upon receipt of the stock certificate(s) evidencing the Shares, to deliver such certificate(s) to the Secretary of the Company or other designee of the Company (the "**Escrow Holder**"), who is hereby appointed to hold such certificate(s) in escrow and to take all such actions and to effectuate all such transfers and/or releases of such Shares as are in accordance with the terms of this Agreement. Purchaser and the Company agree that Escrow Holder will not be liable to any party to this Agreement (or to any other person or entity) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Agreement. Escrow Holder may rely upon any letter, notice or other document executed with any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Agreement. The Shares will be released from escrow upon termination of both the Refusal Right and the Repurchase Option.

**7.3 Encumbrances on Shares.** Without the Company's prior written consent given with the approval of the Company's Board of Directors, Purchaser may not grant a lien or security interest in, or pledge, hypothecate or encumber, any Unvested Shares.

**7.4 Restrictions on Transfers.** Unvested Shares may not be sold or otherwise transferred by Purchaser without the Company's prior written consent. Purchaser hereby agrees that Purchaser shall make no disposition of the Shares (other than as permitted by this Agreement) unless and until:

(a) Purchaser shall have notified the Company of the proposed disposition and provided a written summary of the terms and conditions of the proposed disposition;

(b) Purchaser shall have complied with all requirements of this Agreement applicable to the disposition of the Shares, including but not limited to the Refusal Right, the Market Standoff and the Repurchase Option; and

(c) Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to counsel for the Company, that (i) the proposed disposition does not require registration of the Shares under the Securities Act or under any state securities laws, and (ii) all appropriate actions necessary for compliance with the registration and qualification requirements of the Securities Act and any state securities laws, or of any exemption from registration or qualification, available thereunder (including Rule 144) have been taken.

Each person (other than the Company) to whom the Shares are transferred by means of one of the permitted transfers specified in this Agreement must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Agreement and that the transferred Shares are subject to the Company's Refusal Right or the Repurchase Option granted hereunder and the market stand-off provisions of Section 4 hereof, to the same extent such Shares would be so subject if retained by the Purchaser. In addition, Purchaser acknowledges and agrees that the Shares shall be subject to the restrictions on transferability and resale set forth in the Company's Bylaws.

**7.5 Restrictive Legends and Stop-transfer Orders.** Purchaser understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Shares, together with any other legends that may be required by applicable laws, the Company's Certificate of Incorporation or Bylaws, any other agreement between Purchaser and the Company or any agreement between Purchaser and any third party:

*THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.*

*THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON PUBLIC RESALE AND TRANSFER, INCLUDING THE RIGHT OF FIRST REFUSAL AND THE REPURCHASE OPTION HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S), AND A MARKET STANDOFF AGREEMENT, AS SET FORTH IN A RESTRICTED STOCK PURCHASE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH PUBLIC SALE AND TRANSFER RESTRICTIONS INCLUDING THE RIGHT OF FIRST REFUSAL, THE REPURCHASE OPTION AND THE MARKET STANDOFF ARE BINDING ON TRANSFEREES OF THESE SHARES.*

Purchaser also agrees that, to ensure compliance with the restrictions imposed by this Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records. The Company will not be required (a) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (b) to treat as owner of such Shares, or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares have been so transferred.

**8. TAX CONSEQUENCES.** *PURCHASER UNDERSTANDS THAT PURCHASER MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF PURCHASER'S PURCHASE OR DISPOSITION OF THE SHARES. PURCHASER REPRESENTS (a) THAT PURCHASER HAS CONSULTED WITH ANY TAX ADVISER THAT PURCHASER DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND (b) THAT PURCHASER IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE.* Purchaser hereby acknowledges that Purchaser has been informed that, with respect to Unvested Shares, unless an election is filed by Purchaser with the Internal Revenue Service (and, if necessary, the proper state taxing authorities) **within 30 days after the purchase** of the Shares electing, pursuant to Section 83(b) of the Internal Revenue Code (and similar state tax provisions, if applicable), to be taxed currently on any difference between the Purchase Price of the Unvested Shares and their Fair Market Value on the date of purchase, there will be a recognition of taxable income to Purchaser, measured by the excess, if any, of the Fair Market Value of the Unvested Shares, at the time they cease to be Unvested Shares, over the Purchase Price for such Shares. Purchaser represents that Purchaser has consulted any tax advisers Purchaser deems advisable in connection with Purchaser's purchase of the Shares and the filing of the election under Section 83(b) and similar tax provisions. A form of Election under Section 83(b) is attached hereto as **Exhibit 1** for reference. *BY PROVIDING THE FORM OF ELECTION, NEITHER THE COMPANY NOR ITS LEGAL COUNSEL IS THEREBY UNDERTAKING TO FILE THE ELECTION FOR PURCHASER, WHICH OBLIGATION TO FILE SHALL REMAIN SOLELY WITH PURCHASER.*

## 9. GENERAL PROVISIONS.

**9.1 Successors and Assigns.** The Company may assign any of its rights under this Agreement, including its rights to purchase Shares under the Refusal Right or the Repurchase Option. Neither Purchaser, nor any of Purchaser's successors and assigns, may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement will be binding upon Purchaser and Purchaser's heirs, executors, administrators, legal representatives, successors and assigns.

**9.2 Notices.** Any and all notices required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed to provide such party sufficient notice under this Agreement on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) at the time an electronic confirmation of receipt is received, if delivery is by email; (iii) at the time of transmission by facsimile, addressed to the other party at its facsimile number specified herein (or hereafter modified by subsequent notice to the parties hereto), with confirmation of receipt made by both telephone and printed confirmation sheet verifying successful transmission of the facsimile; (iv) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (v) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. Any notice for delivery outside the United States will be sent by email, facsimile or by express courier. Any notice not delivered personally or by email will be sent with postage and/or other charges prepaid and properly addressed to Purchaser at the last known address or facsimile number on the books of the Company, or at such other address or facsimile number as such other party may designate by one of the indicated means of notice herein to the other parties hereto or, in the case of the Company, to it at its principal place of business. Notices to the Company will be marked "Attention: Chief Financial Officer." Notices by facsimile shall be machine verified as received.

**9.3 Further Assurances.** The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

**9.4 Entire Agreement.** The Plan is incorporated herein by reference. The Plan and this Agreement, together with all Exhibits hereto, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Agreement, and supersede all prior understandings and agreements, between the parties hereto with respect to the specific subject matter hereof.

**9.5 Severability.** If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement. Notwithstanding the forgoing, if the value of this Agreement based upon the substantial benefit of the bargain for any party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

**9.6 Execution.** This Agreement may be entered into in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. This Agreement may be executed and delivered by facsimile and, upon such delivery, the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

**[The remainder of this page has intentionally been left blank]**

**[Signature page follows]**

**IN WITNESS WHEREOF**, the Company has caused this Restricted Stock Purchase Agreement to be executed by its duly authorized representative, and Purchaser has executed this Restricted Stock Purchase Agreement, as of the date first set forth above.

**LYELL IMMUNOPHARMA, INC.**

**PURCHASER**

By: \_\_\_\_\_

\_\_\_\_\_

Address:

Address: \_\_\_\_\_

Fax No.: (\_\_\_\_) \_\_\_\_\_

Fax No.: (\_\_\_\_) \_\_\_\_\_

**Exhibit**

Exhibit 1: Form of Election Pursuant to Section 83(b)



---

**EXHIBIT 1**

**FORM OF SECTION 83(B) ELECTION**

**ELECTION UNDER SECTION 83(b) OF THE  
INTERNAL REVENUE CODE**

The undersigned Taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income for the Taxpayer's current taxable year the excess, if any, of the fair market value of the property described below at the time of transfer over the amount paid for such property, as compensation for services.

1. TAXPAYER'S NAME: \_\_\_\_\_  
TAXPAYER'S ADDRESS: \_\_\_\_\_  
SOCIAL SECURITY NUMBER: \_\_\_\_\_  
TAXABLE YEAR: Calendar Year \_\_\_\_\_
2. The property with respect to which the election is made is described as follows: \_\_\_\_\_ shares of Common Stock, par value \$0.0001 per share, of Lyell Immunopharma, Inc., a Delaware corporation (the "**Company**"), which is Taxpayer's employer or the corporation for whom the Taxpayer performs services.
3. The date on which the shares were transferred was \_\_\_\_\_, \_\_\_\_\_.
4. The shares are subject to the following restrictions: The Company may repurchase all or a portion of the shares at the Taxpayer's original purchase price under certain conditions at the time of Taxpayer's termination of employment or services.
5. The fair market value of the shares at the time of transfer (without regard to restrictions other than a nonlapse restriction as defined in § 1.83-3(h) of the Income Tax Regulations) was \$\_\_\_\_\_ per share x \_\_\_\_\_ shares = \$\_\_\_\_\_.
6. The amount paid for such shares was \$\_\_\_\_\_ per share x \_\_\_\_\_ shares = \$\_\_\_\_\_.
7. The amount to include in the Taxpayer's gross income for the Taxpayer's current taxable year is \$\_\_\_\_\_.

*THIS ELECTION MUST BE FILED WITH THE INTERNAL REVENUE SERVICE ("IRS"), AT THE OFFICE WHERE THE TAXPAYER FILES ANNUAL INCOME TAX RETURNS, WITHIN 30 DAYS AFTER THE DATE OF TRANSFER OF THE PROPERTY, AND MUST ALSO BE FILED WITH THE TAXPAYER'S INCOME TAX RETURNS FOR THE CALENDAR YEAR. A COPY OF THE ELECTION HAS ALSO BEEN FURNISHED TO THE COMPANY. THE ELECTION CANNOT BE REVOKED WITHOUT THE CONSENT OF THE IRS.*

Dated: \_\_\_\_\_  
Taxpayer's Signature \_\_\_\_\_

## LYELL IMMUNOPHARMA, INC.

## OFFICER SEVERANCE PLAN

The Lyell Immunopharma, Inc. Officer Severance Plan is established as of the Effective Date. The purpose of the Plan is to provide severance and/or accelerated vesting benefits to certain eligible employees of Lyell Immunopharma, Inc. who incur a Qualifying Termination as described herein. Except with respect to individually negotiated employment contracts or agreements with the Company providing severance benefits that an Eligible Employee has not agreed to forgo, this Plan supersedes any severance plan, policy or practice with respect to Qualifying Terminations, whether formal or informal, written or unwritten, previously announced or maintained by the Company. This Plan document also is the Summary Plan Description for the Plan.

SECTION 1. DEFINITIONS. As hereinafter used:

1.1 “Affiliate” means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity.

1.2 “Benefits Schedule” has the meaning set forth in 2.3.

1.3 “Board” means the Board of Directors of the Company.

1.4 “Cause” means, with respect to any Eligible Employee, (i) “Cause” as defined in the applicable Employment Agreement between the Eligible Employee and the Company; or (ii) in the absence of any definition of “Cause” contained in such Employment Agreement, (a) Eligible Employee is indicted for, convicted of, or pleads guilty or nolo contendere to, a felony or crime involving moral turpitude; (b) Eligible Employee engages in conduct that constitutes willful gross negligence, willful misconduct, or unsatisfactory performance in carrying out the Eligible Employee’s duties under the Eligible Employee’s Employment Agreement, and, if curable, such breach remains uncured following fifteen (15) days prior written notice given by the Company to the Eligible Employee specifying such conduct; (c) Eligible Employee has breached any covenant or any material provision of any agreement with the Company, including among other things, a willful and material breach of written Company policy, and, if curable, such breach remains uncured following fifteen (15) days’ prior written notice specifying such breach given by the Company to the Eligible Employee; (d) Eligible Employee’s material violation of federal law or state law that the Board reasonably determines has had or is reasonably likely to have a material detrimental effect on the Company’s reputation or business; or (e) Eligible Employee’s act of fraud or dishonesty in the performance of the Eligible Employee’s job duties.

1.5 “Change in Control” means any transaction or series of related transactions pursuant to which any individual or entity acquires (a) more than fifty percent (50%) of the issued and outstanding equity securities of the Company or (b) all or substantially all of the assets of the Company (in either cases, whether by merger, consolidation, sale, exchange, issuance, transfer or redemption of the Company’s equity

securities by sale, exchange or transfer of the Company's consolidated assets or otherwise), provided that, where applied to compensation subject to Section 409A, any acceleration of or change in payment shall only apply (if required by Section 409A) if the corporate transaction is also a change in control event described in Treasury Regulation 1.409A-3(i)(5).

1.6 "Change in Control Protection Period" means the period beginning on a Change in Control and ending on the first anniversary thereof.

1.7 "Code" means the Internal Revenue Code of 1986, as amended.

1.8 "Committee" means the Compensation Committee of the Board, or a delegate thereof, which in each case is also referred to under the Plan as the "Plan Administrator".

1.9 "Company," means Lyell Immunopharma, Inc., a Delaware corporation, and any successors thereto.

1.10 "Effective Date" means July 29, 2019.

1.11 "Eligible Employee" means an employee of the Company who holds the title of VP or above and (i) is designated by the Plan Administrator, in its sole discretion, to be eligible for severance benefits under the Plan, and (ii) if applicable, agrees to forgo severance benefits provided under an individually negotiated employment contract or agreement with the Company relating to severance or change in control benefits. The Plan Administrator shall make the determination of whether an employee is an Eligible Employee, and such determination shall be binding and conclusive on all persons. The Plan Administrator shall maintain a current schedule of Eligible Employees with the General Counsel of the Company or such other Company officer as may be designated by the Plan Administrator. Temporary employees and independent contractors are not eligible to participate in the Plan.

1.12 "Employment Agreement" means an agreement entered into between the Company and an individual with respect to their employment with the Company that is expressly titled an "Employment Agreement," as such agreement may be amended or restated from time to time.

1.13 "Good Reason" means (a) that the Eligible Employee, without the Eligible Employee's express, written consent, has incurred a material reduction in authority, title, duties or responsibilities at the Company or a successor employer (with respect to a termination in connection with a Change in Control, relative to the Eligible Employee's authority, title, duties or responsibilities immediately prior to the Change in Control); (b) that the Eligible Employee, without the Eligible Employee's express, written consent, has suffered a material breach of the Eligible Employee's Employment Agreement by the Company or a successor employer; (c) that the Eligible Employee, without the Eligible Employee's express, written consent, has been required to relocate or travel more than fifty (50) miles from the Eligible Employee's then current place of employment in order to continue to perform the duties and responsibilities of the Eligible Employee's position (not

including customary travel as may be required by the nature of the Eligible Employee's position); or (d) that the Eligible Employee, without the Eligible Employee's express, written consent, has been directed by the Board to violate knowingly and intentionally any material state, federal or foreign law, rule or regulation applicable to the Company. Termination of employment by the Eligible Employee will not be for Good Reason unless (1) the Eligible Employee notifies the Company in writing within thirty (30) days of the initial existence of such condition (which notice specifically identifies such condition), (2) the Company fails to remedy such condition within thirty (30) days after the date on which it receives such notice (the "Remedial Period"), and (3) the Eligible Employee actually terminates employment immediately after the expiration of the Remedial Period and before the Company remedies such condition. If the Eligible Employee terminates employment before the expiration of the Remedial Period or after the Company remedies the condition (even if after the end of the Remedial Period), then the Eligible Employee's termination will not be considered to be for Good Reason.

1.14 "Parachute Amount" has the meaning set forth in Section 2.7.

1.15 "Plan" means the Lyell Immunopharma, Inc. Officer Severance Plan and Summary Plan Description, as set forth herein, as it may be amended from time to time.

1.16 "Plan Administrator" has the meaning set forth in Section 1.8.

1.17 "Pre-Change in Control Protection Period" means the period beginning three (3) months prior to a Change in Control.

1.18 "Reduced Amount" has the meaning set forth in Section 2.7.

1.19 "Release Effective Date" has the meaning set forth in Section 2.8.

1.20 "Section 409A" has the meaning set forth in Section 2.9.

1.21 "Qualifying Termination" means the termination of an Eligible Employee's employment by the Company without Cause or a resignation by the Eligible Employee for Good Reason. The termination of Tier II and Tier III Employees must also occur during the Change in Control Protection Period to be a Qualifying Termination. The transfer of an Eligible Employee's employment following a Change of Control from the entity resulting from the Change in Control to an Affiliate thereof shall not, in and of itself, constitute a Qualifying Termination.

1.22 "Severance Pay" has the meaning set forth in 2.3.

1.23 "Termination Date" means the date on which an Eligible Employee incurs a Qualifying Termination.

1.24 "Tier I Employee" means any Eligible Employee who prior to the Termination Date or a Change in Control was identified by the Company as a CEO Report or C-Suite executive, except for the CEO (who, for the avoidance of doubt, is excluded from this Plan).

1.25 “Tier II Employee” means any Eligible Employee who prior to a Change in Control was identified by the Company as an SVP or otherwise designated as a Tier II Employee by the CEO or President.

1.26 “Tier III Employee” means any Eligible Employee who prior to a Change in Control was identified by the Company as a VP.

## SECTION 2. SEVERANCE BENEFITS

2.1 Generally. Subject to the terms of the Plan, each Eligible Employee shall be entitled to severance payments and/or benefits pursuant to applicable provisions of Section 2 of this Plan if the Eligible Employee incurs a Qualifying Termination and complies with the applicable requirements of the Plan.

2.2 Notice. Any Qualifying Termination effected by the Company following the Effective Date shall require ten (10) business days’ prior written notice; provided, however, that the Company may, in its sole discretion, pay the Eligible Employee in lieu of all or part of such notice period.

2.3 Severance Pay. Subject to the terms of the Plan, the Company shall provide “Severance Pay” to each Eligible Employee who incurs a Qualifying Termination equal to the amount listed in such Eligible Employee’s applicable tier level in the Schedule of Severance Benefits as attached to hereto as Schedule A (the “Benefits Schedule”). Severance Pay shall be paid in approximately equal installments in accordance with the Company’s regular payroll practices, provided that severance payments shall commence to be paid on the first regular payroll date of the Company that occurs after the Release Effective Date (a defined below), and the first payment thereof shall include a catch-up payment to cover amounts retroactive to the day immediately following the Termination Date. Notwithstanding the foregoing, any guaranteed bonus or discretionary bonus that the Company had determined to pay the Eligible Employee but which had not yet been paid as of the date of the Eligible Employee’s Qualifying Termination shall be paid in a lump sum on the next regularly scheduled payroll date following the date on which such Eligible Employee was terminated.

2.4 Benefits Continuation. If the Eligible Employee is eligible for and timely elects to continue receiving group medical and/or dental insurance under the continuation coverage rules of the Consolidated Omnibus Budget Reconciliation Act of 1986 (“COBRA”), upon the Eligible Employee’s submission to the Company of evidence of the Eligible Employee’s and his or her dependent’s, if applicable, enrollment in COBRA, the Company will pay to the Eligible Employee, in accordance with the Company’s regular payroll practices, an amount equal, net of taxes, to the monthly employer contribution to the applicable health care benefits, as in effect on the Eligible Employee’s Termination Date, for a number of months equal to the number of months in the Eligible Employee’s COBRA continuation coverage period as set forth in the applicable tier level in the Benefits Schedule so long as the Eligible Employee has not become actually covered by the medical plan of a subsequent employer during any such month. This period of continued benefits shall run concurrently with (and shall count against) the Company’s obligation to provide continuation coverage pursuant to COBRA.

2.5 Non-Duplication of Benefits. The benefits provided under the Plan are intended to satisfy, to the greatest extent possible, and not to provide benefits duplicative of, any and all statutory, contractual and collective agreement obligations of the Company in respect of the form of benefits provided under the Plan that may arise out of a Qualifying Termination, and the Plan Administrator will so construe and implement the terms of the Plan. If the Company or any Affiliate is obligated by law or by contract to provide severance pay or change in control benefits to an Eligible Employee, then the Eligible Employee may be required to waive, upon the Company's request, any amounts payable pursuant to such legal or contractual obligation as a condition of receiving benefits under the Plan.

2.6 Vesting Acceleration. In the event of a Qualifying Termination during the Change in Control Protection Period, the Eligible Employee shall receive accelerated vesting with respect to the percentage of shares as set forth in the Eligible Employee's applicable tier level in the Benefits Schedule ("Vesting Acceleration") subject to each of such Eligible Employee's then-outstanding and unvested equity awards which would otherwise become vested solely on the passage of time and such Eligible Employee's continued service to the Company (which, for the avoidance of doubt will not include any such Company equity awards that would otherwise become vested in whole or in part based on the attainment of performance conditions or targets, which awards will be subject to the terms of their underlying award agreements). Tier I and Tier II Employees shall also receive Vesting Acceleration if the Eligible Employee's employment by the Company is terminated without Cause or the Eligible Employee resigns for Good Reason during the Pre-Change in Control Protection Period.

2.7 Impact of Section 4999 Excise Tax: Maximum After-Tax Benefit Following a Change of Control. Except to the extent that a more favorable treatment is provided to an Eligible Employee by the Company in writing, in the event that part or all of the consideration, compensation or benefits to be paid to an Eligible Employee under this Plan or any other plan, arrangement or agreement applicable to such Eligible Employee, constitutes "excess parachute payments" under Section 280G(b) of the Code subject to an excise tax under Section 4999 of the Code (collectively, the "Parachute Amount"), the amount of excess parachute payments which would otherwise be payable to such Eligible Employee or for such Eligible Employee's benefit shall be reduced to the extent necessary so that no amount of the Parachute Amount is subject to an excise tax under Section 4999 (the "Reduced Amount"); provided that such amounts shall not be so reduced if, without such reduction, such Eligible Employee would be entitled to receive and retain, on a net after-tax basis (including, without limitation, after any excise taxes payable under Section 4999), an amount of the Parachute Amount which is greater than the amount, on a net after-tax basis, that such Eligible Employee would be entitled to retain upon receipt of the Reduced Amount. All determinations with respect to the Parachute Amount shall be made by a nationally recognized certified public accounting firm or other firm that is retained and paid by the Company for such purpose prior to the Change in Control, which firm shall not, without such Eligible Employee's consent, be changed following the Change in

Control. Such determinations shall be binding upon the Company and shall be made promptly following the Change in Control and as appropriate thereafter, in order to permit payment in accordance with the provisions of this Plan.

2.8 Release. No Eligible Employee who incurs a Qualifying Termination shall be eligible to receive any payments or other benefits under the Plan unless he or she first executes a release in favor of the Company in the form attached hereto as Annex A and the release becomes effective and irrevocable within sixty (60) days following the Eligible Employee's Termination Date (such date the release becomes effective and irrevocable, the "Release Effective Date"); provided, however, that if the 60th day following the Termination Date falls in the calendar year following the year in which the Termination Date occurs, any payments or other benefits under the Plan shall be paid no earlier than January 1 of the calendar year following the year in which the Termination Date occurs.

2.9 Section 409A. It is intended that payments and benefits under this Plan will not subject Eligible Employees to taxation under Section 409A of the Code and the regulations thereunder ("Section 409A") and, accordingly, this Plan shall be interpreted and administered to be either exempt from or in compliance therewith. Specifically, any taxable benefits or payments provided under this Plan are intended to be separate and distinct payments that qualify for the "short-term deferral" exception to Section 409A to the maximum extent possible, and to the extent they do not so qualify, are intended to qualify for the separation pay exceptions to Section 409A, to the maximum extent possible. To the extent that none of these exceptions (or any other available exception) applies, then notwithstanding anything contained herein to the contrary, and to the extent required to comply with Section 409A, if an Eligible Employee is a "specified employee," as determined under the Company's policy for identifying specified employees on the Eligible Employee's Termination Date, then all amounts due under the Plan that constitute a "deferral of compensation" within the meaning of Section 409A of the Code, that are provided as a result of a separation from service within the meaning of Section 409A, and that would otherwise be paid or provided during the first six months following the Termination Date, shall be accumulated through and paid or provided on the first business day that is more than six months after the Termination Date (or, if the Eligible Employee dies during such six-month period, within 90 days after the Eligible Employee's death). Notwithstanding anything contained herein to the contrary, an Eligible Employee shall not be considered to have terminated employment with the Company for purposes of any payments under this Plan which are subject to Section 409A until the Eligible Employee would be considered to have incurred a "separation from service" within the meaning of Section 409A. In no event may an Eligible Employee, directly or indirectly, designate the calendar year of any payment to be made under this Plan that is considered nonqualified deferred compensation. The Company makes no representation that any or all of the payments described in this Plan shall be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment. The Eligible Employee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.



**SECTION 3. PLAN ADMINISTRATION.**

3.1 The Plan Administrator shall administer the Plan and may interpret the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan.

3.2 The Plan Administrator may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

3.3 The Plan Administrator is empowered, on behalf of the Plan, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Plan Administrator shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof shall be borne by the Company.

**SECTION 4. PLAN MODIFICATION OR TERMINATION.**

The Plan may be terminated or amended by the Committee at any time; provided, however, that the Plan may not be terminated or amended during the Change in Control Protection Period or in respect of a Qualifying Termination that occurred prior to the amendment or termination of the Plan.

**SECTION 5. GENERAL PROVISIONS.**

5.1 Except as otherwise provided herein or by law, no right or interest of any Eligible Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Eligible Employee under the Plan shall be liable for, or subject to, any obligation or liability of such Eligible Employee. When a payment is due under this Plan to a severed employee who is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

5.2 Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee, or any person whomsoever, the right to be retained in the service of the Company or any subsidiary thereof, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

5.3 If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

5.4 This Plan shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Eligible Employee, present and future, and any successor to the Company. If an Eligible Employee dies while any amount would still be payable to such Eligible Employee hereunder (following a Qualifying Termination), all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative or administrators of the severed employee's estate.

5.5 The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

5.6 The Plan shall not be required to be funded unless such funding is authorized by the Board. Regardless of whether the Plan is funded, no Eligible Employee shall have any right to, or interest in, any assets of any Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

5.7 Any notice or other communication required or permitted pursuant to the terms hereof shall have been duly given when delivered or mailed by United States Mail, first class, postage prepaid, addressed to the intended recipient at his, her or its last known address.

5.8 To the extent not preempted by federal law, which shall otherwise control, this Plan shall be construed and enforced according to the laws of the State of Delaware, without regard to its choice-of-law principles.

5.9 All benefits hereunder shall be reduced by applicable withholding and shall be subject to applicable tax reporting, as determined by the Plan Administrator.

#### SECTION 6. NOTICE.

Except as expressly provided otherwise herein, any notice, demand, consent, authorization or other communication that any Eligible Employee is required or may desire to give to or make upon the Company pursuant to the Plan shall be in writing and shall be effective, valid and duly given and received if hand delivered or sent by overnight delivery service, by facsimile, computer mail or other electronic mail, or by regular mail, postage prepaid, addressed to:

Lyell Immunopharma, Inc.  
Attention: General Counsel  
400 East Jaime Court, Ste. 301  
South San Francisco, CA 94080  
E-mail:

Notice so given shall be deemed given and received if (a) by mail, on the fourth day after posting; (b) by facsimile, computer mail or other electronic mail or personal delivery, on the date of actual transmission, with evidence of transmission acceptance or verification, or (as the case may be) personal or other delivery; and (c) by overnight delivery courier, on the next business day following the day such notice is delivered to the overnight delivery courier service.

**SECTION 7. EXECUTION.**

To record the adoption of the Plan as set forth herein, Lyell Immunopharma, Inc. has caused its duly authorized officer to execute the same as of the Effective Date.

**LYELL IMMUNOPHARMA, INC.:**

By: /s/ Liz Homans

Name: Liz Homans

Title: President

**SCHEDULE A**  
**SCHEDULE OF SEVERANCE BENEFITS**

<b><u>Eligible Employee Tier Level</u></b>	<b><u>Severance Pay</u></b>	<b><u>COBRA Continuation Coverage Period</u></b>	<b><u>Vesting Acceleration</u></b>
Tier I	12 months base salary and any guaranteed or accrued bonus as of the Termination Date	12 months	100%
Tier II	12 months base salary and any guaranteed or accrued bonus as of the Termination Date	12 months	100%
Tier III	9 months base salary and any guaranteed or accrued bonus as of the Termination Date	9 months	75%

**ANNEX A**  
**RELEASE AND SEPARATION AGREEMENT**

This Release and Separation Agreement (this "Agreement") is made and entered into by and between Lyell Immunopharma, Inc. (the "Company"), and the undersigned employee ("Employee"). All capitalized terms used in this Agreement that are not defined herein shall have the same respective meanings as set forth in the Lyell Immunopharma, Inc. Officer Severance Plan and Summary Plan Description, effective July 29, 2019 (the "Severance Plan").

**RECITALS**

WHEREAS, Employee's employment with the Company terminates effective as of [Termination Date];

WHEREAS, the Company presented Employee with this Agreement on [ ], 2019 (the "Presentation Date");

WHEREAS, the Parties wish to resolve fully and finally any and all matters between them including any potential disputes regarding Employee's employment with the Company or the termination thereof; and

WHEREAS, in order to accomplish this end, the Parties wish to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and undertakings contained herein and for other good and valuable consideration, including the consideration described in Section 3 of this Agreement, the sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Separation and Effective Date. Employee's last day of employment with the Company was [ ] (the "Separation Date"). [This Agreement shall become effective as of the execution date/This Agreement shall not become effective until the eighth (8th) day after Employee signs, without revoking, this Agreement] (the "Effective Date"). No payments due to Employee under this Agreement shall be made or begin before the Effective Date.
2. Wage Acknowledgment. Employee acknowledges that, as of the Separation Date, Employee has been properly paid all wages, including bonus or incentive compensation, for all work performed for the Company.

3. Consideration.

- a. In exchange for Employee timely signing and returning the Agreement to the Company [(and not thereafter timely revoking)], in each case following the Presentation Date, the release of claims in Section 4 below, the Company will provide Employee with the following amounts and benefits (the “Release Consideration”):
- i. [INSERT SEVERANCE PAYMENT], less applicable taxes, withholdings and deductions (the “Cash Severance Payment”), to which Employee is not otherwise entitled, within [[ ]/twenty-one (21)/forty-five (45)] business days following the date the Company receives an executed version of this Agreement from the Employee; and
  - ii. provided that Employee timely and properly elects group health plan continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”), Employee may be permitted to continue participation in the Company’s group health plan by continuing to pay premiums to the Company at the contribution level in effect for active employees until the earliest of: (i) the expiration of [twelve (12)/[ALTERNATIVE NUMBER]] months following the Separation Date; (ii) the date Employee becomes covered under another employer’s health plan; or (iii) the expiration of the maximum COBRA continuation coverage period for which Employee is eligible under federal law.
- b. Employee understands, acknowledges, and agrees that these benefits exceed what Employee is otherwise entitled to receive upon Employee’s separation from employment with the Company, and are being given as consideration in exchange for executing this Agreement, including the general release contained herein.
- c. Employee Representations. Employee specifically represents, warrants, and confirms that Employee: has read this Agreement and agrees to the conditions and obligations set forth in it; has been advised to consult with an attorney of Employee’s choosing before signing this Agreement; knowingly, freely, and voluntarily assents to all of this Agreement’s terms and conditions including, without limitation, the waiver, release, and covenants; is signing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which Employee is otherwise entitled; is not

waiving or releasing rights or claims that may arise after Employee signs this Agreement; has not filed any claims, complaints, or actions of any kind against the Company with any court of law, or local, state, or federal government or agency; and has not engaged in and is not aware of any unlawful conduct relating to the business of the Company.

4. General Release.

- a. In exchange for the Release Consideration provided in this Agreement, Employee, for Employee and for Employee's affiliates, successors, heirs, subrogees, assigns, principals, agents, partners, employees, associates, attorneys, and representatives, voluntarily, knowingly, and intentionally releases and discharges the Company, Parent, and each of its and their Affiliates, predecessors, successors, parents, subsidiaries, and assigns, and each of its and their respective officers, directors, principals, shareholders, board members, committee members, employees, agents, and attorneys, in their corporate and individual capacities, (collectively, the "Released Parties") from any and all claims, actions, liabilities, demands, rights, damages, costs, expenses, and attorneys' fees (including, but not limited to, any claim of entitlement for attorneys' fees under any contract, statute, or rule of law allowing a prevailing party or plaintiff to recover attorneys' fees) of every kind and description, whether known or unknown, from the beginning of time through the Effective Date (the "Released Claims").
- b. The Released Claims include, but are not limited to,
  - i. Any and all claims under Title VII of the Civil Rights Act of 1964 (Title VII), the Americans with Disabilities Act (ADA), the Family and Medical Leave Act (FMLA) (regarding existing but not prospective claims), the Fair Labor Standards Act (FLSA), the Equal Pay Act, the Employee Retirement Income Security Act (ERISA) (regarding unvested benefits), the Civil Rights Act of 1991, Section 1981 of U.S.C. Title 42, the Fair Credit Reporting Act (FCRA), the Worker Adjustment and Retraining Notification (WARN) Act, the National Labor Relations Act (NLRA), the Age Discrimination in Employment Act (ADEA), the Uniform Services Employment and Reemployment Rights Act (USERRA), the Genetic Information Nondiscrimination Act (GINA), the Immigration Reform and Control Act (IRCA), the California Fair Employment and Housing Act, the California Constitution, the California Labor Code, any claim under Title 20 of the State Government Article of the Maryland Annotated Code, the Washington Industrial Welfare Act (IWA), the Washington Law Against Discrimination (WLAD), the Washington Family Leave Act (FLA), the Washington Leave Law, the Washington Minimum Wage Requirements and Labor Standards Act, Title 49 of the Revised Code of Washington, the Washington Equal Pay Opportunity Act (EPOA), the Washington Fair Chance Act (FCA), and including all of their respective implementing regulations and any other federal, state, local or foreign law (statutory, regulatory, or otherwise) that may be legally waived and released; however,

the identification of specific statutes is for purposes of example only, and the omission of any specific statute or law shall not limit the scope of this general release in any manner;

- ii. Any and all claims arising under tort, contract, and quasi-contract law, including but not limited to claims of breach of an express or implied contract, wrongful or retaliatory discharge, fraud, defamation, negligent or intentional infliction of emotional distress, tortious interference with a contract or prospective business advantage, breach of the covenant of good faith and fair dealing, promissory estoppel, detrimental reliance, invasion of privacy, false imprisonment, nonphysical injury, personal injury or sickness, or any other harm;
- iii. Any and all claims for compensation of any type whatsoever, including but not limited to claims for wages, salary, bonuses, commissions, incentive compensation, vacation, sick pay, and severance that may be legally waived and released; and
- iv. Any and all claims for monetary or equitable relief, including but not limited to attorneys' fees, back pay, front pay, reinstatement, experts' fees, medical fees or expenses, costs and disbursements, punitive damages, liquidated damages, and penalties.

Notwithstanding the foregoing, the Released Claims and the ADEA Release in Section 6 (below) specifically exclude: (i) any rights to workers' compensation, unemployment, or disability benefits under applicable law; (ii) any rights to file an unfair labor practice charge under the National Labor Relations Act; (iii) any rights to vested benefits under ERISA, such as pension or retirement benefits, the rights to which are governed by the terms of the applicable plan documents and award agreements; (iv) any right to file an administrative charge or complaint with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission, or other similar federal or state administrative agencies; (v) any rights based on any violation of any federal, state, or local statutory or public policy entitlement that may not be waived under applicable law, such as claims for unemployment benefits and workers' compensation; (vi) any rights to indemnification, advancement, or contribution; and (vi) any claim that is based on any act or omission that occurs after the date Employee delivers Employee's signature on this Agreement to the Company.

5. Waiver of Section 1542. This Agreement is intended to be effective as a general release of and bar to all claims as stated in Section 4. Accordingly, Employee expressly waives all rights under Section 1542 of the California Civil Code ("Section 1542") or any similar statute or common law doctrine under applicable law in any other jurisdiction. Section 1542 states as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED



PARTY.” Employee acknowledges that Employee may later discover claims or facts in addition to or different from those that Employee now knows or believes to exist with regard to the subject matter of this Agreement, and that, if known or suspected at the time of executing this Agreement, may have materially affected its terms. Nevertheless, Employee waives any and all claims that might arise as a result of such different or additional claims or facts.

6. [Specific Release and Waiver of ADEA Claims]. In further consideration of the payments and benefits provided to Employee in this Agreement, Employee irrevocably and unconditionally fully and forever waives, releases, and discharges the Company from any and all claims, whether known or unknown, from the beginning of time through the date of Employee’s execution of this Agreement arising under the Age Discrimination in Employment Act (“ADEA”) (the “ADEA Release”), as amended, and its implementing regulations. By signing this Agreement, Employee acknowledges and confirms that:
- a. Employee has read this Agreement in its entirety and understands all of its terms;
  - b. Employee has been advised in writing to consult with an attorney of Employee’s choosing before signing this Agreement;
  - c. Employee knowingly, freely, and voluntarily agrees to all of the terms and conditions in this Agreement including, without limitation, the waiver, release, and covenants;
  - d. Employee is signing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which Employee is otherwise entitled;
  - e. Employee was given at least [twenty-one (21)/forty-five (45)] days to consider the terms of this Agreement and consult with an attorney of Employee’s choice, although Employee may sign it sooner if desired;
  - f. Employee understands that Employee has seven (7) days after signing this Agreement to revoke the release in this Section by delivering written notice of revocation to [NAME] at the Company, [ADDRESS] by [electronic mail or First Class mail] before the end of the this seven (7) day period; and

- g. Employee understands that the release in this Section does not apply to rights and claims that may arise after Employee signs this Agreement.]

[Specific information required to be provided to Employee under ADEA in connection with a group termination program is attached as Exhibit A.]

7. No Admission of Liability. Nothing in this Agreement constitutes an admission of liability by the Company, any of the Released Parties or Employee concerning any aspect of Employee's employment with or separation from the Company.
8. Return of Property and Information. Employee represents and warrants that, prior to Employee's execution of this Agreement, Employee will return to the Company any and all property, documents, and files, Work Product, including any documents (in any recorded media, such as papers, computer disks and other data storage devices, copies, photographs, and maps) that relate in any way to the Company or the Company's business. Employee agrees that, to the extent that Employee possesses any files, data, Work Product, or information relating in any way to the Company or the Company's business on any personal computer, device, or account, Employee will return to the Company and then delete those files, data, or information (and will retain no copies in any form). Employee also will return any tools, equipment, calling cards, credit cards, access cards or keys, any keys to any filing cabinets, vehicles, vehicle keys, and all other property in any form prior to the date Employee executes this Agreement.
9. Cooperation. Employee agrees that after the Separation Date, Employee will reasonably cooperate with and assist the Company (a) to transition Employee's job duties on an as-needed basis by responding to reasonable requests for information and answering questions, and (b) with any investigation, lawsuit, arbitration, or other proceeding to which the Company is subjected. Employee will make himself or herself available for preparation for, and attendance of, hearings, proceedings or trial, including pretrial discovery and trial preparation. Employee further agrees to perform all acts and execute any documents that may be necessary to carry out the provisions of this Section 9.
10. Section 409A. It is intended that payments and benefits under this Agreement not subject Employee to taxation under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and, accordingly, this Agreement shall be interpreted and administered to be in compliance therewith. Any payments described in this Agreement that are due within the "short term deferral period" as defined in Section 409A of the Code, or that qualify as "involuntary separation pay" within the meaning of Treas. Reg. §1.409A-1(b)(9) shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required to avoid an accelerated or additional tax under

Section 409A, amounts reimbursable to Employee under this Agreement shall be paid to Employee on or before the last day of the calendar year following the calendar year in which the expense was incurred and the amount of expenses eligible for reimbursement during any one calendar year may not effect amounts reimbursable or provided in any subsequent calendar year. Notwithstanding anything herein to the contrary, in no event shall the timing of Employee's execution of the release described in Section 4, directly or indirectly, result in the Employee designating the calendar year of payment, and if a payment that is subject to execution of the general release could be made in more than one taxable year, payment shall be made in the later taxable year. No interpretation or amendment of this Agreement shall require the Company to incur any additional costs or to reimburse Employee for any taxes or penalties that might be imposed upon the Employee as a result of Section 409A of the Code.

11. Severability. If any provision of this Agreement is held illegal, invalid, or unenforceable, such holding shall not affect the validity of any other provisions hereof, which shall remain in full force and effect to continue to be binding on the Parties. In the event any provision is held illegal, invalid, or unenforceable, such provision shall be limited so as to affect the intent of the Parties to the fullest extent permitted by applicable law. Any claim by Employee against the Company shall not constitute a defense to enforcement by the Company.
12. Successors and Assigns. Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Agreement. The Employee shall not assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.
13. Third Party Beneficiaries. The Parties acknowledge and agree that each of the Released Parties, including, but not limited to, Parent and each of its Affiliates, is an intended third-party beneficiary of this Agreement and has the right to enforce and benefit from any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.
14. Entire Agreement. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersedes any prior understandings, agreements or representations by or between the Parties, written or oral, to the extent that they are related in any way to the subject matter hereof or thereof, provided, however, that this Agreement shall not supersede the Employee's obligations in the Employee's Employment, Confidential Information and Invention Assignment Agreement with the Company, except to the extent that there is a conflict between such agreement and this Agreement, in which case the terms and conditions of this Agreement shall govern.

15. Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the state of [the Employee's residence on the Effective Date], without giving effect to its laws pertaining to conflict of laws. If any court or arbitrator of competent jurisdiction determines that any provision of this Agreement is invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement.
16. Amendment and Waiver. This Agreement may be amended only by a written agreement executed by each of the parties hereto. No amendment, waiver, or modification of any obligation under this Agreement will be enforceable unless set forth in a writing signed by the party against which enforcement is sought. Any amendment effected in accordance with this section will be binding upon all parties hereto and each of their respective successors and assigns. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Waiver granted as to any one provision herein shall not constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.
17. Counterparts. This Agreement may be executed electronically. The Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement. Photographic, computerized, electronic, PDF or facsimile copies of such signed counterparts may be used in lieu of the originals for any purpose.
18. Acknowledgment of Full Understanding. EMPLOYEE ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS FULLY READ, UNDERSTANDS, AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. EMPLOYEE ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF EMPLOYEE'S CHOICE BEFORE SIGNING THIS AGREEMENT. EMPLOYEE FURTHER ACKNOWLEDGES THAT EMPLOYEE'S SIGNATURE BELOW IS AN AGREEMENT TO RELEASE THE COMPANY FROM ANY AND ALL CLAIMS THAT CAN BE RELEASED AS A MATTER OF LAW.

IN WITNESS WHEREOF, the Parties have entered into this Separation and Release of Claims Agreement on the date first above written.

**[COMPANY]**

By: \_\_\_\_\_  
Name:  
Title:

**EMPLOYEE:**

\_\_\_\_\_  
Name:  
Date:

*[Signature Page to Separation and Release of Claims Agreement]*

**Exhibit A**

**OWBPA Disclosures to General Release in Separation and Release Agreement**

The Older Workers Benefit Protection Act (OWBPA) requires that employers provide specific information to employees who are 40 years of age or older and asked to execute a release of claims in connection with a group termination program. This document provides this information.

The class, unit, or group of individuals covered by the program includes [all employees/[SPECIFIC EMPLOYEE GROUP]] in the [OFFICE/DEPARTMENT/AREA] who will be [terminated/offered an exit incentive] [ANY TIME LIMITS APPLICABLE TO THE PROGRAM]. [All employees/[SPECIFIC EMPLOYEE GROUP]] in the [OFFICE/DEPARTMENT/AREA] are eligible for the program. [Eligibility factors include [ANY ELIGIBILITY FACTORS].] The following is a list of the ages and job titles of employees who were and were not selected for termination and offered consideration for signing a waiver:

JOB TITLE	AGE	SELECTED	NOT SELECTED

July 23, 2020

Richard Klausner  
Electronic delivery

Re: Amended Offer of Employment by Lyell Immunopharma, Inc.

Dear Rick:

As you know, you are currently employed with Lyell Immunopharma, Inc. (the “**Company**”) as its Chief Executive Officer pursuant to an Executive Employment Agreement between you and the Company dated September 17, 2018, as amended by an Amendment to Executive Employment Agreement, dated as of March 5, 2020 (the “**Original Offer Letter**”). The Company is amending and restating the terms of the Original Offer Letter to reflect your new position as Executive Chairman of the Company and the corresponding changes in your terms and conditions of employment. This amended offer letter (the “**Amended Offer Letter**”) supersedes and replaces the terms and conditions set forth in the Original Offer Letter in their entirety. The terms of this Amended Offer Letter will be effective as of August 1, 2020 (the “**Effective Date**”). Prior to the Effective Date, the terms of the Original Offer Letter will remain in full force and effect.

As Executive Chairman, you will perform duties as are commensurate and consistent with your position. It’s contemplated that you will remain a member of Company’s Board of Directors (the “**Board**”) in accordance with the terms of the A&R Voting Agreement, which the Company anticipates becoming effective within the next month. The scope of your duties will be reduced such that you will be expected to perform services within a time commitment averaging about 50% of that of a full-time exempt employee. Your current assistant, Anabey Camarena, will devote 50% of her time to providing you with administrative support. Your position will be officer level and you will be entitled to defense, indemnity, and D&O insurance coverage to the same extent and at the same level as other officers in the Company. In this role you will report to the Board. The terms of our offer and the benefits currently provided by the Company are as follows:

**1. Cash Compensation.**

**(a) Salary.** As of the Effective Date, your salary will be two hundred twenty-five thousand dollars (\$275,000) annually, less payroll deductions and withholdings. It will be paid on the Company’s regular payroll schedule, and will be subject to annual review by the Board. So long as you remain an employee of the Company, you will not receive any additional compensation for your membership on the Company’s Board. If you remain a Board member following the last day of your employment with the Company, the Company will revisit your compensation as a Board member.

**(b) Target Annual Bonus.** In addition, you will be eligible for an annual incentive bonus of up to 60% of your base salary, based on the achievement of performance objectives to be determined by the Board. The annual bonus for the 2020 fiscal year will be prorated based upon your salary and target bonus level in the Original Offer Letter before the Effective Date and the length of employment during the 2020 fiscal year after the Effective Date of this Amended Offer Letter. Any bonus for a fiscal year will be considered earned and will be paid within 3 months after the close of that fiscal year, but only if you are still employed by the Company at the time of payment. The good faith determinations of the Board with respect to your bonus will be final and binding.

2. **Benefits.** In addition, you will continue to be eligible to participate in regular health insurance, bonus and other employee benefit plans established by the Company for its senior executives from time to time, pursuant to the terms of those plans.

3. **Termination of Employment Without Cause or for Good Reason.**

(a) If (1) the Company terminates your employment without Cause, or (2) you resign for Good Reason (each, as defined in **Appendix A** hereto), then you shall receive the following termination payments and benefits, subject to the conditions set forth in Section 3(b) herein:

(i) (A) unpaid Salary earned through the date of termination, (B) unused vacation that has accrued and would be payable under the Company's standard policy ((A) and (B), collectively, the "**Accrued Obligations**"), and (C) any discretionary bonus that the Company had determined to pay to you but which had not yet been paid to you as of the date of your termination, payable in a lump sum on the next regularly scheduled payroll date following the date on which your employment terminated;

(ii) an amount equal to eighteen (18) months' salary, at the rate in effect immediately prior to termination, without giving effect to any reduction that results in a resignation for Good Reason, payable in accordance with the terms below (collectively, the "**Severance Payments**");

(iii) a pro rated annual bonus for the year in which termination occurs, paid at target in proportion to the percentage of that year in which you were an employee of the Company; and

(iv) the repurchase option on the shares of the Company's Common Stock ("**Common Stock**") previously purchased by you will lapse with respect to 100% of the shares, and you and the Company acknowledge and agree that to the extent the terms of the RSPA (as defined below) are inconsistent with this Subsection 3(a)(iv), this Amended Offer Letter expressly acts as an amendment to the RSPA. Furthermore, if you hold any outstanding options at the time of the employment termination, you shall receive accelerated vesting of your then-outstanding and unvested options which would otherwise become vested solely on the passage of time and your continuous service to the Company such that 100% of your then-outstanding and unvested options which would otherwise become vested solely on the passage of time and your continuous service to the Company will be fully vested and exercisable. Such acceleration will be effective as of the effective date of your termination of employment; and

(v) the employer portion of COBRA continuation coverage, for you and your dependents, so long as you have not become actually covered by the medical plan of a subsequent employer during any such month and are otherwise entitled to COBRA continuation coverage, with such payments to continue for up to a maximum of eighteen (18) months following the date of termination. After such period, you are responsible for paying the full cost for any additional COBRA continuation coverage to which you are then entitled.



(b) As a condition to receiving the payments and benefits under this Section 3 other than the Accrued Obligations, you shall timely execute (and not revoke within the applicable revocation period) a general release and waiver of all claims against the Company, which release and waiver shall be in substantially the form attached hereto as **Appendix B**. In order to be considered “timely” within the meaning of the preceding sentence, such release and waiver shall be delivered to the Company (or, with respect to a Change in Control, any surviving or successor employer (“**Successor Employer**”) thereto) and become effective and irrevocable within sixty (60) days after the date of employment termination.

(c) Notwithstanding anything herein, including **Appendix A**, to the contrary, termination of employment by you will not be for Good Reason unless (1) you notify the Company in writing of the existence of the condition which you believe constitutes Good Reason within thirty (30) days of when you become aware of the initial existence of such condition (which notice specifically identifies such condition), (2) the Company fails to remedy such condition within thirty (30) days after the date on which it receives such notice (the “**Remedial Period**”), and (3) you actually terminate employment within thirty (30) days after the expiration of the Remedial Period and before the Company remedies such condition. If you terminate employment before the expiration of the Remedial Period or after the Company remedies the condition (even if after the end of the Remedial Period), then your termination will not be considered to be for Good Reason. Notwithstanding anything herein to the contrary, termination of your employment shall not be for Cause unless the Company notifies you in writing on or before the date of termination that your termination was for Cause.

(d) Subject to Section 3(b), Severance Payments under Section 3(a)(i) shall be paid to you through the Company’s normally scheduled payroll, beginning with the first payroll period following the 60th day after the date on which your employment was terminated without Cause or you resigned for Good Reason.

4. **Confidentiality.** As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. You acknowledge that you are required to, and that you will, continue to comply with, the “Employee Invention Assignment and Confidentiality Agreement” by and between you and the Company dated September 17, 2018. During the period that you render services to the Company, you otherwise agree to not engage in any other employment, business or activity that is in any way competitive with the business or proposed business of the Company, except that you may be permitted to engage in certain outside business activities, provided that such outside activity does not create an actual or perceived conflict of interest and is not for a competitive entity, as determined by the Board in its discretion, and subject to the Board’s advance written approval. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.

5. **No Breach of Obligations to Prior Employers.** You represent that your continued employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

6. **Equity Grants.**

(a) On August 6, 2018, you purchased 7,000,000 shares of Common Stock at a purchase price of \$0.0001 per share pursuant to and subject to the terms of a Founder's Restricted Stock Purchase Agreement (the "**RSPA**"), of which 4,967,834 shares remain outstanding as of the date hereof. Notwithstanding anything in the RSPA or in this Amended Offer Letter to the contrary, in the event of a Change in Control (as defined on **Appendix A** hereto), the repurchase option will lapse with respect to 100% of such shares, and such shares will immediately become fully vested, provided that you are an employee of the Company as of the time of the effective date of such Change in Control. Further, in the event that you had been granted or will be granted any additional options to purchase shares of Common Stock, in the event of a Change in Control, 100% of the unvested shares subject to the options shall immediately vest, provided that you are an employee of the Company as of the time of the effective date of such Change in Control.

(b) While the Company may recommend, and the Board may grant, additional options to purchase shares of Common Stock to you during your continued employment, you will no longer be entitled to the options described in Section 2.6(b) of the Original Offer Letter.

7. **At Will Employment.** While we look forward to a long and profitable relationship, should you decide to accept this offer, you will continue to be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) should be regarded by you as ineffective. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Any modification or change in your at will employment status may only occur by way of a written employment agreement signed by you and duly-authorized member of the Board (other than yourself).

8. **Arbitration.** To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this letter Agreement, your employment with the Company, or the termination of your employment, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1-16, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under JAMS' then applicable rules and procedures for employment disputes before a single arbitrator (available upon request and also currently available at <http://www.jamsadr.com/rules-employment-arbitration/>). You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any

purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. This paragraph shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, including, without limitation, claims brought pursuant to the California Private Attorneys General Act of 2004, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, to the extent such claims are not permitted by applicable law(s) to be submitted to mandatory arbitration and the applicable law(s) are not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "Excluded Claims")." In the event you intend to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. You will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this letter agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

9. **Choice of Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of California.

10. **Section 409A.** It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent no so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if you are deemed by the Company at the time of your termination to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon termination set forth herein and/or under any other agreement with the Company

are deemed to be “deferred compensation”, then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to you prior to the earliest of (i) the expiration of the six-month period measured from the date of your termination with the Company, or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Paragraph shall be paid in a lump sum to you, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred.

11. **Entire Agreement.** This Amended Offer Letter, once accepted, constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes all prior offers, including the Original Offer Letter, negotiations and agreements, if any, whether written or oral, relating to such subject matter as of the Effective Date. You acknowledge that neither the Company nor its agents have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this agreement for the purpose of inducing you to execute the agreement, and you acknowledge that you have executed this agreement in reliance only upon such promises, representations and warranties as are contained herein.

12. **Acceptance.** If you decide to accept the terms of this Amended Offer Letter, and I hope you will, please sign the enclosed copy of this letter in the space indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

We look forward to the opportunity to continue our productive working relationship.

Very truly yours,

/s/ Cathy Friedman

**Cathy Friedman, Director**

I have read and understood this Amended Offer Letter and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment offer except as specifically set forth herein.

/s/ Richard Klausner

**Richard Klausner**

Date signed: 7/24/2020

## APPENDIX A

### DEFINITIONS

Capitalized terms used below that are not defined in this **Appendix A** have the meanings set forth in the offer letter (the "**Agreement**") between you ("**Executive**") and the Company, to which this **Appendix A** is attached. As used in the Agreement:

**1. "Cause" means:**

- (a) Executive is indicted for, convicted of, or pleads guilty or nolo contendere to, a felony or crime involving moral turpitude;
- (b) Executive engages in conduct that constitutes willful gross negligence, willful misconduct, or unsatisfactory performance in carrying out the Executive's duties under this Agreement, and, if curable, such breach remains uncured following fifteen (15) days' prior written notice given by the Company to the Executive specifying such conduct;
- (c) Executive has breached any covenant or any material provision of any agreement with the Company, including among other things, a willful and material breach of written Company policy, and, if curable, such breach remains uncured following fifteen (15) days' prior written notice specifying such breach given by the Company to the Executive;
- (d) Executive's material violation of federal law or state law that the Board reasonably determines has had or is reasonably likely to have a material detrimental effect on the Company's reputation or business; or
- (e) Executive's act of fraud or dishonesty in the performance of the Executive's job duties.

**2. "Change in Control"** means any transaction or series of related transactions pursuant to which any individual or entity acquires (a) more than fifty percent (50%) of the issued and outstanding equity securities of the Company or (b) all or substantially all of the assets of the Company (in either case, whether by merger, consolidation, sale, exchange, issuance, transfer or redemption of the Company's equity securities by sale, exchange or transfer of the Company's consolidated assets or otherwise), provided that, where applied to compensation subject to Section 409A, any acceleration of or change in payment shall only apply (if required by Section 409A) if the corporate transaction is also a change in control event described in Treasury Regulation 1.409A-3(i)(5).

**3. "Good Reason" means:**

- (a) that Executive, without Executive's express, written consent, has incurred a material reduction in authority, title, duties or responsibilities at the Company or a successor employer (with respect to a termination in connection with a Change in Control, relative to Executive's authority, title, duties or responsibilities immediately prior to the Change in Control);
- (b) that Executive, without Executive's express, written consent, has suffered a material breach of this Agreement by the Company or a successor employer;
- (c) that Executive, without Executive's express, written consent, has been required to relocate or travel more than fifty (50) miles from Executive's then current place of employment in order to continue to perform the duties and responsibilities of Executive's position (not including customary travel as may be required by the nature of Executive's position); or

---

(d) that Executive, without Executive's express, written consent, has been directed by the Board to violate knowingly and intentionally any material state, federal or foreign law, rule or regulation applicable to the Company.

[Remainder of page left intentionally blank]

APPENDIX B

FORM OF RELEASE

In consideration for the payments and benefits to be provided pursuant to Section 3 of the offer letter amendment (the "**Agreement**") entered into by and between \_\_\_\_\_ ("**Executive**") and Lyell Immunopharma, Inc., a Delaware corporation (the "**Company**"), with an effective date of \_\_\_\_\_, 202[ ], Executive agrees to the following:

(a) Executive represents that Executive has not filed any complaints, charges or lawsuits against the Company with any governmental agency or any court.

(b) Executive expressly waives all claims, whether known or unknown, against the Company and releases the Company, and any of the Company's past, present or future parent, affiliated, related, and/or subsidiary entities, and all of the past and present directors, stockholders, officers, general or limited partners, employees, agents, and attorneys, and agents and representatives of such entities, and employee benefit plans in which Executive is or has been a participant by virtue of his or her employment with the Company (collectively, the "**Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), including but not limited to claims arising from Title VII of the Civil Rights Act of 1964 (42 U.S.C. §2000e); Sections 1981 through 1988 of Title 42 of the United States Code; the Washington Law Against Discrimination, the California Fair Employment and Housing Act (Cal. Govt. Code §12900 et seq.); the Americans with Disabilities Act; the Age Discrimination in Employment Act (29 U.S.C. §§621-633a) ("**ADEA**"); the Older Workers' Benefit Protection Act; Section 132a of the California Labor Code; The Employee Retirement Income Security Act of 1974 ("**ERISA**") (except for any vested benefits under any tax qualified benefit plan); the Immigration Reform and Control Act; The Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Family Medical Leave Act; any claims under Washington or other state laws, and any other federal, state or local law, rule, regulation or ordinance; any public policy, contract, tort or common law; or, any basis for recovering costs, fees, or other expenses including attorneys' fees; and claims of intentional infliction of emotional distress; breach of implied contract; or any other statute or common law principle of similar effect, known or unknown, which Executive now has, owns, or holds, or claims to have, own or hold, or which Executive at any time heretofore had, owned, or held, or claimed to have, own, or hold or which Executive at any time hereinafter may have, own, or hold, or claim to have, own, or hold, against each or any of Executive's Releasees, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency, arising from acts, events, or circumstances occurring on or before the date of this Agreement. (the "**Release**"); provided, however, notwithstanding anything to the contrary set forth herein, that this Release shall not extend to (i) benefit claims under employee pension benefit plans in which Executive is a participant by virtue of Executive's employment with the Company or its subsidiaries or to benefit claims under employee welfare benefit plans for occurrences (e.g., medical care, death, or onset of disability) arising after the execution of this Release by Executive, (ii) Executive's rights under any stock option or other equity incentive agreement between Executive and Company (or any successor thereto) or under the stock option plans of the Company (or any successor thereto), (iii) any rights to ownership as a stockholder of the Company (or any successor thereto); (iv) Executive's rights under the Agreement; (v) any rights pursuant to an agreement entered into in connection with a Change in Control (as defined in the Agreement) (including, without limitation,

agreements entered into between the Company and any acquirer of the Company) or otherwise accruing to Executive as a result of, or related to a Change in Control, (vi) any claims Executive may have for indemnification pursuant to the Company's certificate of incorporation, bylaws, law, contract or Company policy, (vii) any claims for coverage under any applicable directors' and officers' insurance policy in accordance with the terms of such policy, or (viii) any claims arising from events that occur solely after the date Executive signs this Release. Nothing in this Release precludes Executive from entitlement to any monetary recovery awarded by the Securities and Exchange Commission in connection with any action asserted by the Securities and Exchange Commission.

California Civil Code Section 1542 Waiver. Executive expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the California Civil Code, and to the extent applicable any similar laws or statutes of any and all other States, and does so understand and acknowledge the significance and consequence of such specific waiver of Section 1542 of the California Civil Code, which provides as follows:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

Immunity under the Defend Trade Secrets Act of 2016. The federal Defend Trade Secrets Act of 2016 provides immunity in certain circumstances to Company employees, contractors, and consultants for limited disclosures of Company trade secrets. Specifically, Company employees, contractors, and consultants may disclose trade secrets:

- (1) in confidence, either directly or indirectly, to a Federal, State, or local government official, either directly or indirectly, or to an attorney, “solely for the purpose of reporting or investigating a suspected violation of law,” or
- (2) “in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.”

Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may also use and disclose related trade secrets in the following manner:

- (1) the individual may disclose the trade secret to his/her attorney, and
- (2) the individual may use the information in related court proceeding, as long as the individual files documents containing the trade secret under seal, and does not otherwise disclose the trade secret “except pursuant to court order.”

*Executive understands that this Release includes a release of claims arising under the Age Discrimination in Employment Act (ADEA). Executive understands and warrants that Executive has been given a period of twenty-one (21) days to review and consider this Release or forty-five (45) days if Executive's termination is part of a group reduction in force. Executive further warrants that Executive understands that, with respect to the release of age discrimination claims only, Executive has a period of seven days (7) after execution of this Release to revoke the release of age discrimination claims by notice in writing to the Company.*



---

**EXECUTIVE ACKNOWLEDGES ALL OF THE FOLLOWING:**

**(A) I HAVE CAREFULLY READ AND HAVE VOLUNTARILY SIGNED THIS RELEASE;**

**(B) I FULLY UNDERSTAND THE FINAL AND BINDING EFFECT OF THIS RELEASE, INCLUDING THE WAIVER OF CLAIMS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT; AND**

**(C) PRIOR TO SIGNING THIS RELEASE, I HAVE BEEN ADVISED OF MY RIGHT TO CONSULT, AND HAVE BEEN GIVEN ADEQUATE TIME TO REVIEW MY LEGAL RIGHTS WITH AN ATTORNEY OF MY CHOICE.**

\_\_\_\_\_  
Executive Signature

\_\_\_\_\_  
Executive Name (Print)

\_\_\_\_\_  
Date

July 23, 2020

Liz Homans  
Electronic delivery

Re: Amended Offer of Employment by Lyell Immunopharma, Inc.

Dear Liz:

As you know, you are currently employed with Lyell Immunopharma, Inc. (the “**Company**”) as its President pursuant to an offer letter between you and the Company dated September 14, 2018 (the “**Original Offer Letter**”). The Company is amending and restating the terms of the Original Offer Letter to reflect your new position as Chief Executive Officer (“**CEO**”) of the Company and the corresponding changes in your terms and conditions of employment. This amended offer letter (the “**Amended Offer Letter**”) supersedes and replaces the terms and conditions set forth in the Original Offer Letter in their entirety. The terms of this Amended Offer Letter will be effective as of August 1, 2020 (the “**Effective Date**”). Prior to the Effective Date, the terms of the Original Offer Letter will remain in full force and effect.

As CEO, you will perform duties as are commensurate and consistent with your position. You will also serve as a member of the Company’s Board of Directors (the “**Board**”) in accordance with the terms of the A&R Voting Agreement, which the Company anticipates becoming effective within the next month. Your position will be officer level and you will be entitled to defense, indemnity, and D&O insurance coverage to the same extent and at the same level as other officers in the Company. In this role you will report to the Board. The terms of our offer and the benefits currently provided by the Company are as follows:

1. **Cash Compensation.**

(a) **Salary.** As of the Effective Date, your salary will be five hundred fifteen thousand dollars (\$515,000) annually, less payroll deductions and withholdings. It will be paid on the Company’s regular payroll schedule, and will be subject to annual review by the Board.

(b) **Target Annual Bonus.** In addition, you will be eligible for an annual incentive bonus of up to 60% of your base salary at target, based on the achievement of annual corporate objectives that were approved by the Board or the Compensation Committee of the Board. The annual bonus for the 2020 fiscal year will be prorated based upon your salary and target bonus level in the Original Offer Letter before the Effective Date and the length of employment during the 2020 fiscal year after the Effective Date of this Amended Offer Letter. Any bonus for a fiscal year will be considered earned and will be paid within 3 months after the close of that fiscal year, but only if you are still employed by the Company at the time of payment. The good faith determinations of the Board with respect to your bonus will be final and binding.

2. **Benefits.** In addition, you will continue to be eligible to participate in regular health insurance, bonus and other employee benefit plans established by the Company for its senior executives from time to time pursuant to the terms of those plans.

3. **Termination of Employment Without Cause or for Good Reason.**

(a) If (1) the Company terminates your employment without Cause, or (2) you resign for Good Reason (each, as defined in **Appendix A** hereto), then you shall receive the following termination payments and benefits, subject to the conditions set forth in Section 3(c) herein:

(i) (A) unpaid Salary earned through the date of termination, (B) unused vacation that has accrued and would be payable under the Company's standard policy ((A) and (B), collectively, the "**Accrued Obligations**"), and (C) any discretionary bonus that the Company had determined to pay to you but which had not yet been paid to you as of the date of your termination, payable in a lump sum on the next regularly scheduled payroll date following the date on which your employment terminated;

(ii) an amount equal to eighteen (18) months' base salary, at the rate in effect immediately prior to termination, without giving effect to any reduction that results in a resignation for Good Reason, payable in accordance with the terms below (collectively, the "**Severance Payments**");

(iii) a pro-rated annual bonus for the year in which termination occurs, paid at target in proportion to the percentage of that year in which you were an employee of the Company; and

(iv) the employer portion of COBRA continuation coverage, for you and your dependents, so long as you have not become actually covered by the medical plan of a subsequent employer during any such month and are otherwise entitled to COBRA continuation coverage, with such payments to continue for up to a maximum of eighteen (18) months following the date of termination. After such period, you are responsible for paying the full cost for any additional COBRA continuation coverage to which you are then entitled.

(b) As a condition to receiving the payments and benefits under this Section 3 other than the Accrued Obligations, you shall timely execute (and not revoke within the applicable revocation period) a general release and waiver of all claims against the Company, which release and waiver shall be in substantially the form attached hereto as **Appendix B**. In order to be considered "timely" within the meaning of the preceding sentence, such release and waiver shall be delivered to the Company (or, with respect to a Change in Control, any surviving or successor employer ("**Successor Employer**") thereto) and become effective and irrevocable within sixty (60) days after the date of employment termination.

(c) Notwithstanding anything herein, including **Appendix A**, to the contrary, termination of employment by you will not be for Good Reason unless (1) you notify the Company in writing of the existence of the condition which you believe constitutes Good Reason within thirty (30) days of when you become aware of the initial existence of such condition (which notice specifically identifies such condition), (2) the Company fails to remedy such condition within thirty (30) days after the date on which it receives such notice (the "**Remedial Period**"), and

(3) you actually terminate employment within thirty (30) days after the expiration of the Remedial Period and before the Company remedies such condition. If you terminate employment before the expiration of the Remedial Period or after the Company remedies the condition (even if after the end of the Remedial Period), then your termination will not be considered to be for Good Reason. Notwithstanding anything herein to the contrary, termination of your employment shall not be for Cause unless the Company notifies you in writing on or before the date of termination that your termination was for Cause.

(d) Subject to Section 3(b), Severance Payments under Section 3(a)(i) shall be paid to you through the Company's normally scheduled payroll, beginning with the first payroll period following the 60th day after the date on which your employment was terminated without Cause or you resigned for Good Reason.

4. **Confidentiality.** As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. You acknowledge that you are required to, and that you will, continue to comply with, the "Employee Invention Assignment and Confidentiality Agreement" by and between you and the Company dated September 17, 2018. During the period that you render services to the Company, you otherwise agree to not engage in any other employment, business or activity that is in any way competitive with the business or proposed business of the Company, except that you may be permitted to sit on one (1) external board of directors, provided that such board membership does not create an actual or perceived conflict of interest and is not for a competitive entity, as determined by the Board in its discretion, and subject to the Company's Board's advance written approval. Eighteen (18) months after the Effective Date of this Amended Offer Letter, the Board will consider the approval of one additional external board membership by you subject to the conditions in the preceding sentence. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.

5. **No Breach of Obligations to Prior Employers.** You represent that your continued employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

6. **Equity Grants.**

(a) The Company has previously granted you options to purchase up to 3,699,198 shares of the Company's common stock ("**Common Stock**") under the Company's 2018 Equity Incentive Plan (the "**2018 Plan**"). Those equity interests shall continue to be governed in all respects by the terms of the applicable equity agreements, grant notices, and the 2018 Plan.

(b) The Company also previously granted you an option to purchase up to 693,840 shares of Common Stock that vested based on the occurrence of certain milestones. The Company will recommend to the Board that the vesting schedule with respect to the shares of Common Stock subject to such option be modified such that the shares will vest solely based on

the passage of time and your continuous service to the Company on the following schedule: 25% of the shares of Common Stock subject to the option will be deemed to have vested as of the first anniversary of the grant date, which grant date was November 6, 2018, and an additional 1/48th of the shares of Common Stock subject to the option will vest per month thereafter, so long as you remain employed by the Company. However, the modification of the vesting schedule remains subject to the Board's approval and this promise to recommend such approval is not a promise of compensation and is not intended to create any obligation on the part of the Company. Other than the potential modification of the vesting schedule, the option shall continue to be governed in all respects by the terms of the applicable option agreement, grant notice, and the 2018 Plan.

(c) In addition, in connection with your promotion to CEO of the Company under the terms of this Amended Offer Letter, we will recommend to the Board that you be granted options to purchase shares of Common Stock under the 2018 Plan, each with an exercise price equal to the fair market value of the Common Stock as determined by the Board on the date it approves such grant, as follows:

(i) An option to purchase up to 3,352,300 shares of Common Stock (the "**New Option**") which will vest at the rate of 1/48th of the shares per month, beginning on the Effective Date, over four (4) years, so long as you remain continuously employed by the Company. The New Option will be governed by the applicable option agreement, grant notice, and the 2018 Plan. As a condition of receiving the New Option, you agree to sign (i) a counterpart signature page as a "Key Holder" to the Amended and Restated Right of First Refusal and Co-Sale Agreement, dated as of March 5, 2020, by and among the Company and the other parties thereto, and (ii) a counterpart signature page or adoption agreement to the Amended and Restated Voting Agreement of the Company, as currently then in effect, each to the extent you have not previously done so.

(ii) If, after twelve (12) months in your role as CEO, the Board, in its sole discretion, x) approves, based on its review of performance against the 2020 corporate goals, a corporate score of at least 90%, (not including goals that are no longer deemed applicable) and y) determines that the Company has made reasonable progress towards achieving its 2021 corporate goals (as approved by the Board), an option to purchase shares of Common Stock equal to the amount of shares to bring your total equity ownership in the Company up to 3.4% of the Company's fully-diluted outstanding shares of equity capital as of the date of the grant (the "**Additional Option**"). The Additional Option will vest at the rate of 1/48th of the shares per month, beginning on the grant date, over four (4) years, so long as you remain continuously employed by the Company. The Additional Option, if granted, will be governed by the applicable option agreement, grant notice, and the 2018 Plan. The Additional Option, if granted, is in lieu of and not in addition to any annual equity grant approved by the Board or other equity grant approved in 2021.

(d) Notwithstanding anything to the contrary in the applicable option agreements, grant notices, and the 2018 Plan, upon the effective date of a Change in Control (as defined in **Appendix A** hereto), you shall receive accelerated vesting of all of your then-outstanding and unvested equity awards (including any future awards granted after the date of the Effective Date of this Amended Offer Letter) which would otherwise become vested solely on the passage of time and your continuous service to the Company such that 100% of your then-outstanding and

unvested equity awards which would otherwise become vested solely on the passage of time and your continuous service to the Company will be fully vested and exercisable, provided that you are an employee of the Company as of the effective date of such Change of Control. Such acceleration will be effective as of the effective date of such Change of Control. For clarity, there is no acceleration of vesting under the terms of this Amended Offer Letter outside of the context of a Change in Control. In addition, in the event: (i) the Company terminates your employment without Cause or you resign from your employment with the Company for Good Reason, in each case prior to the effective date of a Change of Control, or, (ii) your service is Terminated (as defined in the 2018 Plan) due to your death or Disability (as defined in the 2018 Plan), or you die within three (3) months following your Termination (as defined in the 2018 Plan) for any reason other than for Cause, then the period during which you may exercise the New Option and the Additional Option, in each case to the extent granted, will be the earlier of (a) five (5) years following the date of your Termination, (b) the one (1) year anniversary following the effective date of a registration statement of the Company's equity securities to the public filed under the Securities Act of 1933, as amended, and (c) the expiration date of the applicable option grant, provided that the applicable option grant may terminate earlier pursuant to the 2018 Plan, including, without limitation, in connection with a dissolution or liquidation of the Company or a transaction described in Section 11.1 of the Plan, subject to your satisfaction of the conditions for receipt of severance benefits as set forth in Section 3(b) herein. In any other case, the Company's standard periods for exercising stock options will be in effect.

Further details on any specific option grant to you will be provided upon approval of such grant by the Board.

7. **At Will Employment.** While we look forward to a long and profitable relationship, should you decide to accept this offer, you will continue to be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) should be regarded by you as ineffective. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Any modification or change in your at will employment status may only occur by way of a written employment agreement signed by you and duly-authorized member of the Board (other than yourself).

8. **Arbitration.** To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this letter Agreement, your employment with the Company, or the termination of your employment, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1-16, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under JAMS' then applicable rules and procedures for employment disputes before a single arbitrator (available upon request and also currently available at <http://www.jamsadr.com/rules-employment-arbitration/>). You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. In addition, all claims, disputes, or

causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. This paragraph shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, including, without limitation, claims brought pursuant to the California Private Attorneys General Act of 2004, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, to the extent such claims are not permitted by applicable law(s) to be submitted to mandatory arbitration and the applicable law(s) are not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "Excluded Claims")." In the event you intend to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. You will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this letter agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

9. **Choice of Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of California.

10. **Section 409A.** It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent no so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if you are deemed by the Company at the time of your termination

to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon termination set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to you prior to the earliest of (i) the expiration of the six-month period measured from the date of your termination with the Company, or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Paragraph shall be paid in a lump sum to you, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred.

11. **Entire Agreement.** This Amended Offer Letter, once accepted, constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes all prior offers, including the Original Offer Letter, negotiations and agreements, if any, whether written or oral, relating to such subject matter as of the Effective Date. You acknowledge that neither the Company nor its agents have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this agreement for the purpose of inducing you to execute the agreement, and you acknowledge that you have executed this agreement in reliance only upon such promises, representations and warranties as are contained herein.

12. **Attorney Fees.** The Company will reimburse you for up to \$5000.00 for your reasonable attorney fees in reviewing and negotiating this Agreement, upon receipt of one or more letters from counsel that you have incurred at least the amount sought, and with payment to be made within 10 days after receipt of the letter.

13. **Acceptance.** If you decide to accept the terms of this Amended Offer Letter, and I hope you will, please sign the enclosed copy of this letter in the space indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

We look forward to the opportunity to continue our productive working relationship.

Very truly yours,

/s/ Cathy Friedman

---

**Cathy Friedman, Director**

I have read and understood this Amended Offer Letter and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment offer except as specifically set forth herein.



/s/ Elizabeth Homans  

---

**Elizabeth Homans**

Date signed: 7/24/2020

## APPENDIX A

### DEFINITIONS

Capitalized terms used below that are not defined in this **Appendix A** have the meanings set forth in the offer letter (the "**Agreement**") between you ("**Executive**") and the Company, to which this **Appendix A** is attached. As used in the Agreement:

**1. "Cause" means:**

(a) Executive is indicted for, convicted of, or pleads guilty or nolo contendere to, a felony or crime involving moral turpitude;

(b) Executive engages in conduct that constitutes willful gross negligence, willful misconduct, or unsatisfactory performance in carrying out the Executive's duties under this Agreement, and, if curable, such breach remains uncured following fifteen (15) days' prior written notice given by the Company to the Executive specifying such conduct;

(c) Executive has breached any covenant or any material provision of any agreement with the Company, including among other things, a willful and material breach of written Company policy, and, if curable, such breach remains uncured following fifteen (15) days' prior written notice specifying such breach given by the Company to the Executive;

(d) Executive's material violation of federal law or state law that the Board reasonably determines has had or is reasonably likely to have a material detrimental effect on the Company's reputation or business; or

(e) Executive's act of fraud or dishonesty in the performance of the Executive's job duties.

**2. "Change in Control" means** any transaction or series of related transactions pursuant to which any individual or entity acquires (a) more than fifty percent (50%) of the issued and outstanding equity securities of the Company or (b) all or substantially all of the assets of the Company (in either case, whether by merger, consolidation, sale, exchange, issuance, transfer or redemption of the Company's equity securities by sale, exchange or transfer of the Company's consolidated assets or otherwise), provided that, where applied to compensation subject to Section 409A, any acceleration of or change in payment shall only apply (if required by Section 409A) if the corporate transaction is also a change in control event described in Treasury Regulation 1.409A-3(i)(5).

**3. "Good Reason" means:**

(a) that Executive, without Executive's express, written consent, has incurred a material reduction in authority, title, duties or responsibilities at the Company or a successor employer (with respect to a termination in connection with a Change in Control, relative to Executive's authority, title, duties or responsibilities immediately prior to the Change in Control);

(b) that Executive, without Executive's express, written consent, has suffered a material breach of this Agreement by the Company or a successor employer;

(c) that Executive, without Executive's express, written consent, has been required to relocate or travel more than fifty (50) miles from Executive's then current place of employment in order to continue to perform the duties and responsibilities of Executive's position (not including customary travel as may be required by the nature of Executive's position); or

---

(d) that Executive, without Executive's express, written consent, has been directed by the Board to violate knowingly and intentionally any material state, federal or foreign law, rule or regulation applicable to the Company.

[Remainder of page left intentionally blank]

APPENDIX B

FORM OF RELEASE

In consideration for the payments and benefits to be provided pursuant to Section 3 of the amended offer letter (the "**Agreement**") entered into by and between \_\_\_\_\_ ("**Executive**") and Lyell Immunopharma, Inc., a Delaware corporation (the "**Company**"), with an effective date of \_\_\_\_\_, 202[\_\_\_], Executive agrees to the following:

(a) Executive represents that Executive has not filed any complaints, charges or lawsuits against the Company with any governmental agency or any court.

(b) Executive expressly waives all claims, whether known or unknown, against the Company and releases the Company, and any of the Company's past, present or future parent, affiliated, related, and/or subsidiary entities, and all of the past and present directors, stockholders, officers, general or limited partners, employees, agents, and attorneys, and agents and representatives of such entities, and employee benefit plans in which Executive is or has been a participant by virtue of his or her employment with the Company (collectively, the "**Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), including but not limited to claims arising from Title VII of the Civil Rights Act of 1964 (42 U.S.C. §2000e); Sections 1981 through 1988 of Title 42 of the United States Code; the Washington Law Against Discrimination, the California Fair Employment and Housing Act (Cal. Govt. Code §12900 et seq.); the Americans with Disabilities Act; the Age Discrimination in Employment Act (29 U.S.C. §§621-633a) ("**ADEA**"); the Older Workers' Benefit Protection Act; Section 132a of the California Labor Code; The Employee Retirement Income Security Act of 1974 ("**ERISA**") (except for any vested benefits under any tax qualified benefit plan); the Immigration Reform and Control Act; The Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Family Medical Leave Act; any claims under Washington or other state laws, and any other federal, state or local law, rule, regulation or ordinance; any public policy, contract, tort or common law; or, any basis for recovering costs, fees, or other expenses including attorneys' fees; and claims of intentional infliction of emotional distress; breach of implied contract; or any other statute or common law principle of similar effect, known or unknown, which Executive now has, owns, or holds, or claims to have, own or hold, or which Executive at any time heretofore had, owned, or held, or claimed to have, own, or hold or which Executive at any time hereinafter may have, own, or hold, or claim to have, own, or hold, against each or any of Executive's Releasees, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency, arising from acts, events, or circumstances occurring on or before the date of this Agreement. (the "**Release**"); provided, however, notwithstanding anything to the contrary set forth herein, that this Release shall not extend to (i) benefit claims under employee pension benefit plans in which Executive is a participant by virtue of Executive's employment with the Company or its subsidiaries or to benefit claims under employee welfare benefit plans for occurrences (e.g., medical care, death, or onset of disability) arising after the execution of this Release by Executive, (ii) Executive's rights under any stock option or other equity incentive agreement between Executive and Company (or any successor thereto) or under the stock option plans of the Company (or any successor thereto), (iii) any rights to ownership as a stockholder of the Company (or any successor thereto); (iv) Executive's rights under the Agreement; (v) any rights pursuant to an agreement entered into in connection with a Change in Control (as defined in the Agreement) (including, without limitation,

agreements entered into between the Company and any acquirer of the Company) or otherwise accruing to Executive as a result of, or related to a Change in Control, (vi) any claims Executive may have for indemnification pursuant to the Company's certificate of incorporation, bylaws, law, contract or Company policy, (vii) any claims for coverage under any applicable directors' and officers' insurance policy in accordance with the terms of such policy, or (viii) any claims arising from events that occur solely after the date Executive signs this Release. Nothing in this Release precludes Executive from entitlement to any monetary recovery awarded by the Securities and Exchange Commission in connection with any action asserted by the Securities and Exchange Commission.

California Civil Code Section 1542 Waiver. Executive expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the California Civil Code, and to the extent applicable any similar laws or statutes of any and all other States, and does so understand and acknowledge the significance and consequence of such specific waiver of Section 1542 of the California Civil Code, which provides as follows:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

Immunity under the Defend Trade Secrets Act of 2016. The federal Defend Trade Secrets Act of 2016 provides immunity in certain circumstances to Company employees, contractors, and consultants for limited disclosures of Company trade secrets. Specifically, Company employees, contractors, and consultants may disclose trade secrets:

- (1) in confidence, either directly or indirectly, to a Federal, State, or local government official, either directly or indirectly, or to an attorney, “solely for the purpose of reporting or investigating a suspected violation of law,” or
- (2) “in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.”

Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may also use and disclose related trade secrets in the following manner:

- (1) the individual may disclose the trade secret to his/her attorney, and
- (2) the individual may use the information in related court proceeding, as long as the individual files documents containing the trade secret under seal, and does not otherwise disclose the trade secret “except pursuant to court order.”

*Executive understands that this Release includes a release of claims arising under the Age Discrimination in Employment Act (ADEA). Executive understands and warrants that Executive has been given a period of twenty-one (21) days to review and consider this Release or forty-five (45) days if Executive's termination is part of a group reduction in force. Executive further warrants that Executive understands that, with respect to the release of age discrimination claims only, Executive has a period of seven days (7) after execution of this Release to revoke the release of age discrimination claims by notice in writing to the Company.*

---

**EXECUTIVE ACKNOWLEDGES ALL OF THE FOLLOWING:**

**(A) I HAVE CAREFULLY READ AND HAVE VOLUNTARILY SIGNED THIS RELEASE;**

**(B) I FULLY UNDERSTAND THE FINAL AND BINDING EFFECT OF THIS RELEASE, INCLUDING THE WAIVER OF CLAIMS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT; AND**

**(C) PRIOR TO SIGNING THIS RELEASE, I HAVE BEEN ADVISED OF MY RIGHT TO CONSULT, AND HAVE BEEN GIVEN ADEQUATE TIME TO REVIEW MY LEGAL RIGHTS WITH AN ATTORNEY OF MY CHOICE.**

---

Executive Signature

---

Executive Name (Print)

---

Date

February 3, 2021

Charles Newton  
Electronic delivery

Re: Offer of Employment by Lyell Immunopharma, Inc.

Dear Charlie:

I am very pleased to confirm our offer to you of employment with Lyell Immunopharma, Inc. (the “**Company**”). The opportunity to work with you to build one of the world’s great companies whose goal is nothing less than to develop curative therapies for solid tumors is one I am thrilled to have and know that your contributions will help ensure that we will achieve our ambitions.

1. **Position.** I am delighted to offer you a position as Chief Financial Officer. Your proposed start date is February 5, 2021 (the “**Start Date**”). You will report to Liz Homans, Chief Executive Officer. You will be based out of our South San Francisco office. The Company may change your position, duties, and work location from time to time in its discretion.

2. **Cash Compensation.**

(a) **Starting Salary.** Your starting salary will be \$480,000 per year, less payroll deductions and withholdings, paid on the Company’s normal payroll schedule. As a full-time exempt salaried employee, you will be expected to work the Company’s normal business hours as well as additional hours as required by the nature of your work assignments, and you will not be entitled to overtime compensation. Your salary will be subject to annual review and may or may not be adjusted at the Company’s sole discretion.

(b) **Sign-on Bonus Advance.** The Company will pay you a signing bonus of \$1,000,000, less applicable tax and other withholding within thirty (30) days after your start date (the “**Sign-On Payment**”). You will earn 100% of the Sign-On Payment if you remain continuously employed with the Company through the first anniversary of your Start Date. If your employment terminates before the first anniversary of your Start Date for any reason other than a Qualifying Termination as that term is defined in the Officer Severance Plan you agree to repay to the Company, within thirty (30) days of your last date of employment with the Company, the pro-rated portion of the Sign-On Payment equal to \$1,000,000 multiplied by the percent equal to that number of months remaining in such 12 month period divided by 12.

**(c) Target Annual Bonus.** In addition, you will be eligible to earn an annual incentive bonus of up to 50% of your base salary for the fiscal year of the Company (which runs from January 1st to December 31st during which you commence employment, based on the achievement of performance objectives to be determined by the Company's Board of Directors (the "**Board**") in the Board's sole discretion. Any bonus for the fiscal year in which your employment begins will be prorated, based on the number of days you are employed by the Company during that fiscal year. Thereafter, you will be eligible to receive an annual bonus in such amount and upon such terms as shall be determined by the Board or the Compensation Committee of the Board (the "**Committee**"). If your base salary changes during the fiscal year, any bonus earned will be calculated based on the number of days spent employed at each salary level. Any bonus for a fiscal year will be paid within 3 months after the close of that fiscal year, and you must be employed on the day that your bonus (if any) is paid in order to earn the bonus. Therefore, if your employment is terminated either by you or the Company for any reason prior to the bonus being paid, you will not have earned the bonus and no partial or prorated bonus will be paid. The determinations of the Board with respect to your bonus will be final and binding.

3. **Benefits.** In addition, you will be eligible to participate in regular health insurance, bonus and other employee benefit plans established by the Company for its employees from time to time. The Company reserves the right to change or otherwise modify, in its sole discretion, the preceding terms of employment.

4. **Severance Payments/COBRA.** Your employment relationship with the Company is at-will, as described below. You will be eligible to receive severance benefits as set forth in that certain Officer Severance Plan, as approved by the Board, and as amended from time to time by the Board or the Committee.

5. **Company Policies.** You will be expected to abide by Company rules and policies (including but not limited to the Company's Code of Business Conduct and Ethics and Lyell Workplace Policies), as adopted or modified by the Company from time to time.

6. **Confidentiality.** As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, you will need to sign the Company's standard "Employee Invention Assignment and Confidentiality Agreement" as a condition of your employment. We wish to impress upon you that we do not want you to, and we hereby direct you not to, bring with you any confidential or proprietary material of any former employer or to violate any other obligations you may have to any former employer. During the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.



7. **Third-Party Board Participation.** So long as you comply with this Agreement and your Employee Invention Assignment and Confidentiality Agreement and pre approval of the Board is obtained: a) after the first anniversary of your start date with the Company, you can accept membership to a third-party board of directors; and b) after the second anniversary of your start date with the Company, you can accept membership to a second third-party board of directors.

8. **No Breach of Obligations to Prior Employers.** You represent that your signing of this offer letter, agreement(s) concerning stock options granted to you, if any, under the Plan (as defined below) and the Company's Employee Invention Assignment and Confidentiality Agreement and your commencement of employment with the Company will not violate any agreement currently in place between yourself and current or past employers. You hereby represent that you have disclosed to the Company any contract you have signed that may restrict your activities on behalf of the Company.

9. **Equity Grant.** On your Start Date you will be granted: a) a stock option to purchase up to 3,612,000 shares of Common Stock of the Company (the "**Time-Based Vesting Option**"); and b) a stock option to purchase up to 516,000 shares of Common Stock (the "**IPO Vesting Option**" together with the Time-Based Vesting Option the "**Options**"). The Options will be granted under the Company's 2018 Equity Incentive Plan, as amended (the "**Plan**") and associated form of stock option agreement, and will have an exercise price equal to the fair market value of the Company's Common Stock, as determined by the Board on the date the Board approves each Option, as applicable. The Time-Based Vesting Option will vest at the rate of twenty five percent (25%) of the shares at the end of your first anniversary with the Company, and an additional 1/48th of the shares per month thereafter, so long as you remain employed by the Company. The IPO Vesting Option will commence vesting upon the consummation of the Company's initial public offering and will vest 1/48th of the shares per month thereafter, so long as you remain employed by the Company on such date. Further details on the Plan and any specific option grant to you will be provided upon approval of such grant by the Company's Board.

10. **At Will Employment.** While we look forward to a long and profitable relationship, should you decide to accept our offer, you will be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) should be regarded by you as ineffective. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Any modification or change in your at will employment status may only occur by way of a written employment agreement signed by you and the Chief Executive Officer of the Company.

11. **Authorization to Work.** Please note that because of employer regulations adopted in the Immigration Reform and Control Act of 1986, within three (3) business days of starting your new position you will need to present documentation demonstrating that you have authorization to work in the United States. If you have questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, you may contact our personnel office.

12. **Arbitration.** To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this letter Agreement, your employment with the Company, or the termination of your employment, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1-16, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under JAMS' then applicable rules and procedures for employment disputes before a single arbitrator (available upon request and also currently available at <http://www.jamsadr.com/rules-employment-arbitration/>). You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. This paragraph shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, including, without limitation, claims brought pursuant to the California Private Attorneys General Act of 2004, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, to the extent such claims are not permitted by applicable law(s) to be submitted to mandatory arbitration and the applicable law(s) are not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "**Excluded Claims**")." In the event you intend to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. You will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this letter agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

13. **Background Check.** This offer is contingent upon a satisfactory verification of criminal, education, driving and/or employment background. This offer can be rescinded based upon data received in the verification.

14. **Entire Agreement.** This letter, together with your Employee Invention Assignment and Confidentiality Agreement, constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes all prior offers, negotiations and agreements, if any, whether written or oral, relating to such subject matter. Modifications or amendments to this agreement, other than those changes expressly reserved to the Company's discretion in this letter, must be made in a written agreement signed by you and the Chief Executive Officer. If any provision of this offer letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this offer letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. You acknowledge that neither the Company nor its agents have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this agreement for the purpose of inducing you to execute the agreement, and you acknowledge that you have executed this agreement in reliance only upon such promises, representations and warranties as are contained herein.

15. **Acceptance.** This offer will remain open until February 28, 2021. If you decide to accept our offer, and I hope you will, please sign the enclosed copy of this letter in the space indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

We look forward to the opportunity to welcome you to the Company.

Very truly yours,

/s/ Elizabeth Homans

**Elizabeth Homans, Chief Executive Officer**

I have read and understood this offer letter and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment offer except as specifically set forth herein.

/s/ Charles Newton

---

**Charles Newton**

Date signed: 2/3/2021

February 1, 2019

Heather Turner  
Electronic delivery

Re: Offer of Employment by Lyell Immunopharma, Inc.

Dear Heather:

I am very pleased to confirm our offer to you of employment with Lyell Immunopharma, Inc. (the “**Company**”). I am delighted to offer you a position as Senior Vice President and General Counsel at Lyell ImmunoPharma. The opportunity to work with you to build one of the world’s great companies whose goal is nothing less than to develop curative therapies for solid tumors is one I am thrilled to have and know that your contributions will help ensure that we will achieve our ambitions. You will report to Liz Homans, President of the Company. The terms of our offer and the benefits currently provided by the Company are as follows:

1. **Cash Compensation.**

(a) **Starting Salary.** Your starting salary will be four hundred twenty thousand dollars (\$420,000) per year and will be subject to annual review.

(b) **Target Annual Bonus.** In addition, in connection with your employment and commencing with the 2019 fiscal year, you will be eligible for an incentive bonus of up to 40% of your base salary for the fiscal year of the Company during which you commence employment, based on the achievement of performance objectives to be determined by the Company’s Board of Directors (the “**Board**”). Any bonus for the fiscal year in which your employment begins will be prorated, based on the number of days you are employed by the Company during that fiscal year. Thereafter, you will be eligible to receive an annual bonus in such amount and upon such terms as shall be determined by the Board. Any bonus for a fiscal year will be paid within 3 months after the close of that fiscal year, but only if you are still employed by the Company at the time of payment. The determinations of the Board with respect to your bonus will be final and binding.

2. **Benefits.** In addition, you will be eligible to participate in regular health insurance, bonus and other employee benefit plans established by the Company for its employees from time to time.

The Company reserves the right to change or otherwise modify, in its sole discretion, the preceding terms of employment.

**3. Termination of Employment Without Cause or for Good Reason.**

(a) If (1) the Company terminates your employment without Cause, or (2) you resign for Good Reason (each, as defined on **Appendix A** hereto), then you shall receive the following termination payments and benefits:

(i) an amount equal to twelve (12) months' salary, at the rate in effect immediately prior to termination, payable in accordance with the terms below (collectively, the "**Severance Payments**");

(ii) (1) unpaid Salary earned through the date of termination, (2) unused vacation that has accrued and would be payable under the Company's standard policy ((1) and (2), collectively, the "**Accrued Obligations**"), and (3) any discretionary bonus that the Company had determined to pay to you but which had not yet been paid to you as of the date of your termination, payable in a lump sum on the next regularly scheduled payroll date following the date on which your employment terminated; and

(iii) the employer portion of COBRA continuation coverage, so long as you have not become actually covered by the medical plan of a subsequent employer during any such month and are otherwise entitled to COBRA continuation coverage, with such payments for up to a maximum of twelve (12) months following the date of termination. After such period, you are responsible for paying the full cost for any additional COBRA continuation coverage to which you are then entitled.

(b) As a condition to receiving the payments and benefits under this Section 3 other than the Accrued Obligations, you shall timely execute (and not revoke within the applicable revocation period) a general release and waiver of all claims against the Company, which release and waiver shall be in substantially the form attached hereto as **Appendix B**. Such release and waiver shall be delivered to the Company (or, with respect to a Change in Control, any surviving or successor employer ("**Successor Employer**") thereto) and become effective and irrevocable within sixty (60) days after the date of termination.

(c) Notwithstanding anything herein to the contrary, termination of your employment shall not be for Cause unless the Company notifies you in writing within ten (10) days of the date of termination that your termination was for Cause.

(d) Subject to Section 3(b), Severance Payments under Section 3(a)(i) shall be paid to you through the Company's normally scheduled payroll, beginning with the first payroll period following the 60th day after the date on which your employment was terminated without Cause or you resigned for Good Reason.

(e) To the extent (i) any payments to which you become entitled under this offer letter, or any agreement or plan referenced herein, in connection with your termination of employment with the Company, constitute deferred compensation subject to Section 409A of the Internal Revenue Code ("**Section 409A**") and (ii) you are deemed at the time of such termination of employment to be a "specified" employee under Section 409A, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the 6-month period measured from the date of your "separation from service" (as such term is at the time

defined in regulations under Section 409A) with the Company and (ii) the date of your death following such separation from service, provided, however, that such deferral shall be effected only to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty-percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to you or your beneficiary in one lump sum (without interest). To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that (i) all payments hereunder are exempt from Section 409A to the maximum permissible extent and, (ii) for any payments where such construction is not tenable, so that those payments comply with Section 409A to the maximum permissible extent. Payments pursuant to this Agreement (or referenced in this Agreement), and each installment thereof, are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A. All references to termination of employment or similar terms shall be deemed to mean separation from service within the meaning of Section 409A. To the extent any nonqualified deferred compensation subject to Section 409A payable to you under this Agreement could be paid in one or more taxable years depending upon you completing certain employment-related actions (such as resigning after a failure to cure a Good Reason event and/or returning an effective release), then any such payments will commence or occur in the later taxable year to the extent required by Section 409A.

4. **Confidentiality.** As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, you will need to sign the Company's standard "Employee Invention Assignment and Confidentiality Agreement" as a condition of your employment. We wish to impress upon you that we do not want you to, and we hereby direct you not to, bring with you any confidential or proprietary material of any former employer or to violate any other obligations you may have to any former employer. During the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.

5. **No Breach of Obligations to Prior Employers.** You represent that your signing of this offer letter, agreement(s) concerning stock options granted to you, if any, under the Plan (as defined below) and the Company's Employee Invention Assignment and Confidentiality Agreement and your commencement of employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

6. **Equity Grant.** We will recommend to the Board of Directors of the Company that you be granted a stock option to purchase up to 500,000 shares of Common Stock of the Company (the "**Option**"). The Option will be granted under the Company's 2018 Equity Incentive Plan (the "**Plan**") and associated form of stock option agreement, and will have an exercise price equal to the fair market value of the Company's Common Stock, as determined by the Board of Directors on the date the Board approves each Option, as applicable. The Option will vest at the rate of twenty five percent (25%) of the shares at the end of your first anniversary with the Company, and an additional 1/48th of the shares per month thereafter, so long as you remain employed by the Company. However, the grant of such option by the Company is subject to the Board's approval and this promise to recommend such approval is not a promise of compensation and is not intended to create any obligation on the part of the Company. Further details on the Plan and any specific option grant to you will be provided upon approval of such grant by the Company's Board of Directors.

7. **At Will Employment.** While we look forward to a long and profitable relationship, should you decide to accept our offer, you will be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) should be regarded by you as ineffective. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Any modification or change in your at will employment status may only occur by way of a written employment agreement signed by you and the Chief Executive Officer of the Company.

8. **Authorization to Work.** Please note that because of employer regulations adopted in the Immigration Reform and Control Act of 1986, within three (3) business days of starting your new position you will need to present documentation demonstrating that you have authorization to work in the United States. If you have questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, you may contact our personnel office.

9. **Arbitration.** You and the Company agree to submit to mandatory binding arbitration any and all claims arising out of or related to your employment with the Company and the termination thereof, including, but not limited to, claims for unpaid wages, wrongful termination, torts, stock or stock options or other ownership interest in the Company, and/or discrimination (including harassment) based upon any federal, state or local ordinance, statute, regulation or constitutional provision (collectively, "**Arbitrable Claims**").

THE PARTIES HEREBY WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS.

This Agreement does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict the employee's ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission and the Department of Labor). However, the parties agree that, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted in Santa Clara County, California through JAMS before a single neutral arbitrator, in accordance with the JAMS employment arbitration rules then in effect. The JAMS rules may be found and reviewed at <http://www.jamsadr.com/rules-employment-arbitration>. If you are unable to access these rules, please let me know and I will provide you with a hardcopy. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based.



10. **Background Check.** This offer is contingent upon a satisfactory verification of criminal, education, driving and/or employment background. This offer can be rescinded based upon data received in the verification.

11. **Entire Agreement.** This offer, once accepted, constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes all prior offers, negotiations and agreements, if any, whether written or oral, relating to such subject matter. You acknowledge that neither the Company nor its agents have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this agreement for the purpose of inducing you to execute the agreement, and you acknowledge that you have executed this agreement in reliance only upon such promises, representations and warranties as are contained herein.

12. **Acceptance.** This offer will remain open until February 6, 2019. If you decide to accept our offer, and I hope you will, please sign the enclosed copy of this letter in the space indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

We look forward to the opportunity to welcome you to the Company.

Very truly yours,

/s/ Rick Klausner

---

**Rick Klausner, CEO**

I have read and understood this offer letter and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment offer except as specifically set forth herein.

/s/ Heather Turner

---

**Heather Turner**

Date signed: 2/1/2019

Proposed start date: April 1, 2019

## APPENDIX A

### DEFINITIONS

Capitalized terms used below that are not defined in this **Appendix A** have the meanings set forth in the offer letter (the "**Agreement**") between you ("**Executive**") and the Company, to which this **Appendix A** is attached. As used in the Agreement:

**1. "Cause" means:**

- (a) Executive is indicted for, convicted of, or pleads guilty or nolo contendere to, a felony or crime involving moral turpitude;
- (b) Executive engages in conduct that constitutes willful gross negligence, willful misconduct, or unsatisfactory performance in carrying out the Executive's duties under this Agreement, and, if curable, such breach remains uncured following fifteen (15) days prior written notice given by the Company to the Executive specifying such conduct;
- (c) Executive has breached any covenant or any material provision of any agreement with the Company, including among other things, a willful and material breach of written Company policy, and, if curable, such breach remains uncured following fifteen (15) days' prior written notice specifying such breach given by the Company to the Executive;
- (d) Executive's material violation of federal law or state law that the Board reasonably determines has had or is reasonably likely to have a material detrimental effect on the Company's reputation or business; or
- (e) Executive's act of fraud or dishonesty in the performance of the Executive's job duties.

**2. "Change in Control"** means any transaction or series of related transactions pursuant to which any individual or entity acquires (a) more than fifty percent (50%) of the issued and outstanding equity securities of the Company or (b) all or substantially all of the assets of the Company (in either case, whether by merger, consolidation, sale, exchange, issuance, transfer or redemption of the Company's equity securities by sale, exchange or transfer of the Company's consolidated assets or otherwise).

**3. "Good Reason" means:**

- (a) that Executive, without Executive's express, written consent, has incurred a material reduction in authority, title, duties or responsibilities at the Company or a successor employer (with respect to a termination in connection with a Change in Control, relative to Executive's authority, title, duties or responsibilities immediately prior to the Change in Control);
- (b) that Executive, without Executive's express, written consent, has suffered a material breach of this Agreement by the Company or a successor employer;
- (c) that Executive, without Executive's express, written consent, has been required to relocate or travel more than fifty (50) miles from Executive's then current place of employment in order to continue to perform the duties and responsibilities of Executive's position (not including customary travel as may be required by the nature of Executive's position); or
- (d) that Executive, without Executive's express, written consent, has been directed by the Board to violate knowingly and intentionally any material state, federal or foreign law, rule or regulation applicable to the Company.

Termination of employment by Executive will not be for Good Reason unless (1) Executive notifies the Company in writing of the existence of the condition which Executive believes constitutes Good Reason within thirty (30) days of the initial existence of such condition (which notice specifically identifies such condition), (2) the Company fails to remedy such condition within thirty (30) days after the date on which

it receives such notice (the “**Remedial Period**”), and (3) Executive actually terminates employment immediately after the expiration of the Remedial Period and before the Company remedies such condition. If Executive terminates employment before the expiration of the Remedial Period or after the Company remedies the condition (even if after the end of the Remedial Period), then Executive’s termination will not be considered to be for Good Reason.

[Remainder of page left intentionally blank]

APPENDIX B

FORM OF RELEASE

In consideration for the payments and benefits to be provided pursuant to Section 3 of the offer letter (the “**Agreement**”) entered into by and between Heather Turner (“**Executive**”) and Lyell Immunopharma, Inc., a Delaware corporation (the “**Company**”), with an effective date of February 1, 2019, Executive agrees to the following:

(a) Executive represents that Executive has not filed any complaints, charges or lawsuits against the Company with any governmental agency or any court.

(b) Executive expressly waives all claims, whether known or unknown, against the Company and releases the Company, and any of the Company’s past, present or future parent, affiliated, related, and/or subsidiary entities, and all of the past and present directors, stockholders, officers, general or limited partners, employees, agents, and attorneys, and agents and representatives of such entities, and employee benefit plans in which Executive is or has been a participant by virtue of his or her employment with the Company (collectively, the “**Releasees**”), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys’ fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, “**Claims**”), including but not limited to claims arising from the California Constitution; Title VII of the Civil Rights Act of 1964 (42 U.S.C. §2000e); Sections 1981 through 1988 of Title 42 of the United States Code; the California Fair Employment and Housing Act (Cal. Govt. Code §12900 et seq.); the Americans with Disabilities Act; the Age Discrimination in Employment Act (29 U.S.C. §§621-633a) (“**ADEA**”); the Older Workers’ Benefit Protection Act; Section 132a of the California Labor Code; The Employee Retirement Income Security Act of 1974 (“**ERISA**”) (except for any vested benefits under any tax qualified benefit plan); the Immigration Reform and Control Act; The Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Family Medical Leave Act; any claims under California or other state laws, and any other federal, state or local law, rule, regulation or ordinance; any public policy, contract, tort or common law; or, any basis for recovering costs, fees, or other expenses including attorneys’ fees; and claims of intentional infliction of emotional distress; breach of implied contract; or any other statute or common law principle of similar effect, known or unknown, which Executive now has, owns, or holds, or claims to have, own or hold, or which Executive at any time heretofore had, owned, or held, or claimed to have, own, or hold or which Executive at any time hereinafter may have, own, or hold, or claim to have, own, or hold, against each or any of Executive’s Releasees, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency, arising from acts, events, or circumstances occurring on or before the date of this Agreement. (the “**Release**”); provided, however, notwithstanding anything to the contrary set forth herein, that this Release shall not extend to (i) benefit claims under employee pension benefit plans in which Executive is a participant by virtue of Executive’s employment with the Company or its subsidiaries or to benefit claims under employee welfare benefit plans for occurrences (e.g., medical care, death, or onset of disability) arising after the execution of this Release by Executive, (ii) Executive’s rights under any stock option or other equity incentive agreement between Executive and Company (or any successor thereto) or under the stock option plans of the Company (or any successor thereto), (iii) any rights to ownership as a stockholder of the Company (or any successor thereto); (iv) Executive’s rights under the Agreement; (v) any rights pursuant to an agreement entered into in connection with a Change in Control (as defined in the Agreement) (including, without limitation, agreements entered into between the Company and any acquirer of the Company) or otherwise accruing to Executive as a result of, or related to a Change in Control, (vi) any claims Executive may have for indemnification pursuant to the Company’s certificate of incorporation, bylaws, law, contract or Company policy, (vii) any claims for coverage under any applicable directors’ and officers’ insurance policy in accordance with the terms of such policy, or (viii) any claims arising from events that occur solely after the date Executive signs this Release. Nothing in this Release precludes Executive from entitlement to any monetary recovery awarded by the Securities and Exchange Commission in connection with any action asserted by the Securities and Exchange Commission.

California Civil Code Section 1542 Waiver. Executive expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the California Civil Code, and to the extent applicable any similar laws or statutes of any and all other States, and does so understand and acknowledge the significance and consequence of such specific waiver of Section 1542 of the California Civil Code, which provides as follows:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

Immunity under the Defend Trade Secrets Act of 2016. The federal Defend Trade Secrets Act of 2016 provides immunity in certain circumstances to Company employees, contractors, and consultants for limited disclosures of Company trade secrets. Specifically, Company employees, contractors, and consultants may disclose trade secrets:

- (1) in confidence, either directly or indirectly, to a Federal, State, or local government official, either directly or indirectly, or to an attorney, “solely for the purpose of reporting or investigating a suspected violation of law,” or
- (2) “in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.”

Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may also use and disclose related trade secrets in the following manner:

- (1) the individual may disclose the trade secret to his/her attorney, and
- (2) the individual may use the information in related court proceeding, as long as the individual files documents containing the trade secret under seal, and does not otherwise disclose the trade secret “except pursuant to court order.”

Executive understands that this Release includes a release of claims arising under the Age Discrimination in Employment Act (ADEA). Executive understands and warrants that Executive has been given a period of twenty-one (21) days to review and consider this Release or forty-five (45) days if Executive’s termination is part of a group reduction in force. Executive further warrants that Executive understands that, with respect to the release of age discrimination claims only, Executive has a period of seven days (7) after execution of this Release to revoke the release of age discrimination claims by notice in writing to the Company.

**EXECUTIVE ACKNOWLEDGES ALL OF THE FOLLOWING:**

**(A) I HAVE CAREFULLY READ AND HAVE VOLUNTARILY SIGNED THIS RELEASE;**

**(B) I FULLY UNDERSTAND THE FINAL AND BINDING EFFECT OF THIS RELEASE, INCLUDING THE WAIVER OF CLAIMS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT; AND**

**(C) PRIOR TO SIGNING THIS RELEASE, I HAVE BEEN ADVISED OF MY RIGHT TO CONSULT, AND HAVE BEEN GIVEN ADEQUATE TIME TO REVIEW MY LEGAL RIGHTS WITH AN ATTORNEY OF MY CHOICE.**

/s/ Heather Turner

\_\_\_\_\_  
Executive Signature

Heather Turner

\_\_\_\_\_  
Executive Name (Print)

2/1/2019

\_\_\_\_\_  
Date

May 9, 2019

Stephen Hill  
Electronic delivery

Re: Offer of Employment by Lyell Immunopharma, Inc.

Dear Stephen:

I am very pleased to confirm our offer to you of employment with Lyell Immunopharma, Inc. (the “**Company**”). I am delighted to offer you a position as Chief Technical Operations Officer at Lyell Immunopharma, Inc. The opportunity to work with you to build one of the world’s great companies whose goal is nothing less than to develop curative therapies for solid tumors is one I am thrilled to have and know that your contributions will help ensure that we will achieve our ambitions. Your proposed start date is Wednesday June 19, 2019. You will report to Liz Homans, President. You will be based out of our Seattle, WA office. The terms of our offer and the benefits currently provided by the Company are as follows:

**1. Cash Compensation.**

**(a) Starting Salary.** Your starting salary will be four hundred twenty-five thousand dollars (\$425,000) year and will be subject annual review.

**(b) Sign-on Bonus Advance.** The Company will pay you a Sign-On bonus advance of three hundred thousand dollars (\$300,000), less applicable tax and other withholding within thirty (30) days after your start date. The Sign-On Bonus Advance will be advanced, and will not be earned until you have completed three (3) years of employment with the Company. Your acceptance of the signing bonus constitutes your agreement to repay the full amount of the signing bonus within thirty (30) days of your termination date if you resign your employment with the Company for any reason, or are terminated by the Company for Cause, prior to completing three (3) years of service.

**(c) Target Annual Bonus.** In addition, you will be eligible for an incentive bonus of 50% of your base salary for the fiscal year of the Company during which you commence employment, based on the achievement of performance objectives to be determined by the Company’s Board of Directors (the “**Board**”). Your bonus for the fiscal year in which your employment began will not be prorated, and you will be eligible for the full bonus. Thereafter, you will be eligible to receive an annual bonus in such amount and upon such terms as shall be determined by the Board. Any bonus for a fiscal year will be considered earned and paid within 3 months after the close of that fiscal year, but only if you are still employed by the Company at the time of payment. The determinations of the Board with respect to your bonus will be final and binding.



**(d) Relocation Support.**

(i) You are also eligible to receive relocation reimbursement of up to one hundred thousand dollars (\$100,000) per the terms of the attached Lyell Officer relocation overview (the “Lyell Officer Relocation Overview”). The relocation reimbursement is intended to offset the costs of your relocation to Seattle as described in the Lyell Officer Relocation Overview.

(ii) Should you resign your employment for any reason, or should the Company terminate your employment for Cause within twelve (12) months after your first day of employment, you agree to reimburse the Company 100% of the relocation reimbursement paid to you; should you resign your employment for any reason, or should the Company terminate your employment for Cause between twelve (12) and twenty-four (24) months after your first day of employment, you agree to reimburse the Company 50% of the relocation reimbursement paid to you; and further agree that the Company may deduct such amount from your final paycheck to the fullest extent permitted by law.

(iii) If you are required to repay the relocation reimbursement or any portion thereof to the Company, you will be required to repay the gross amount, which includes amounts withheld for taxes and any other applicable payroll deductions. You also understand that your ability to deduct a portion of your relocation costs is subject to specific limits and other IRS requirements, including the requirement that you must be able to substantiate your expenses by keeping copies of your receipts. You understand that if you are audited by the IRS or any State Tax Agency, you alone and not the Company will be liable for any taxes, interest, or penalties due if any of the deductions are denied for any reason, including if you fail to keep copies of receipts. You understand that you cannot rely on the Company or any employee of the Company for advice regarding the proper tax treatment of your relocation reimbursements, and that you are responsible for obtaining independent advice from your own personal tax advisor.

2. **Benefits.** In addition, you will be eligible to participate in regular health insurance, bonus and other employee benefit plans established by the Company for its employees from time to time.

The Company reserves the right to change or otherwise modify, in its sole discretion, the preceding terms of employment.

**3. Termination of Employment Without Cause or for Good Reason.**

(a) If (1) the Company terminates your employment without Cause, or (2) you resign for Good Reason (each, as defined on **Appendix A** hereto), then you shall receive the following termination payments and benefits:

(i) an amount equal to twelve (12) months’ salary, at the rate in effect immediately prior to termination, payable in accordance with the terms below (collectively, the “**Severance Payments**”);

(ii) (1) unpaid Salary earned through the date of termination, (2) unused vacation that has accrued and would be payable under the Company's standard policy ((1) and (2), collectively, the "**Accrued Obligations**"), and (3) any discretionary bonus that the Company had determined to pay to you but which had not yet been paid to you as of the date of your termination, payable in a lump sum on the next regularly scheduled payroll date following the date on which your employment terminated; and

(iii) the employer portion of COBRA continuation coverage, so long as you have not become actually covered by the medical plan of a subsequent employer during any such month and are otherwise entitled to COBRA continuation coverage, with such payments for up to a maximum of twelve (12) months following the date of termination. After such period, you are responsible for paying the full cost for any additional COBRA continuation coverage to which you are then entitled.

(b) As a condition to receiving the payments and benefits under this Section 3 other than the Accrued Obligations, You shall timely execute (and not revoke within the applicable revocation period) a general release and waiver of all claims against the Company, which release and waiver shall be in substantially the form attached hereto as **Appendix B**. Such release and waiver shall be delivered to the Company (or, with respect to a Change in Control, any surviving or successor employer ("**Successor Employer**") thereto) and become effective and irrevocable within sixty (60) days after the date of termination.

(c) Notwithstanding anything herein, including **Appendix A**, to the contrary, termination of employment by you will not be for Good Reason unless (1) you notify the Company in writing of the existence of the condition which you believe constitutes Good Reason within thirty (30) days of the initial existence of such condition (which notice specifically identifies such condition), (2) the Company fails to remedy such condition within thirty (30) days after the date on which it receives such notice (the "**Remedial Period**"), and (3) you actually terminate employment within thirty (30) days after the expiration of the Remedial Period and before the Company remedies such condition. If you terminate employment before the expiration of the Remedial Period or after the Company remedies the condition (even if after the end of the Remedial Period), then your termination will not be considered to be for Good Reason. Notwithstanding anything herein to the contrary, termination of your employment shall not be for Cause unless the Company notifies you in writing within ten (10) days of the date of termination that your termination was for Cause.

(d) Subject to Section 3(b), Severance Payments under Section 3(a)(i) shall be paid to you through the Company's normally scheduled payroll, beginning with the first payroll period following the 60th day after the date on which your employment was terminated without Cause or you resigned for Good Reason.

4. **Confidentiality.** As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, you will need to sign the Company's standard "Employee Invention Assignment and Confidentiality Agreement" as a condition of your employment. We

wish to impress upon you that we do not want you to, and we hereby direct you not to, bring with you any confidential or proprietary material of any former employer or to violate any other obligations you may have to any former employer. During the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.

5. **No Breach of Obligations to Prior Employers.** You represent that your signing of this offer letter, agreement(s) concerning stock options granted to you, if any, under the Plan (as defined below) and the Company's Employee Invention Assignment and Confidentiality Agreement and your commencement of employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

6. **Equity Grant.** We will recommend to the Board of Directors of the Company that you be granted a stock option to purchase up to 500,000 shares of Common Stock of the Company (the "**Option**"). The Option will be granted under the Company's 2018 Equity Incentive Plan (the "**Plan**") and associated form of stock option agreement, and will have an exercise price equal to the fair market value of the Company's Common Stock, as determined by the Board of Directors on the date the Board approves each Option, as applicable. The Option will vest at the rate of twenty five percent (25%) of the shares at the end of your first anniversary with the Company, and an additional 1/48th of the shares per month thereafter, so long as you remain employed by the Company. In addition, if your employment is terminated without Cause, or you resign for Good Reason, in each case within twelve (12) months after a Change in Control (each, as defined on **Appendix A** hereto), 100% of the then-unvested shares under the Option shall immediately vest. However, the grant of such option by the Company is subject to the Board's approval and this promise to recommend such approval is not a promise of compensation and is not intended to create any obligation on the part of the Company. Further details on the Plan and any specific option grant to you will be provided upon approval of such grant by the Company's Board of Directors.

7. **At Will Employment.** While we look forward to a long and profitable relationship, should you decide to accept our offer, you will be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) should be regarded by you as ineffective. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Any modification or change in your at will employment status may only occur by way of a written employment agreement signed by you and the Chief Executive Officer of the Company.

8. **Authorization to Work.** Please note that because of employer regulations adopted in the Immigration Reform and Control Act of 1986, within three (3) business days of starting your new position you will need to present documentation demonstrating that you have authorization to work in the United States. If you have questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, you may contact our personnel office.

9. **Arbitration.** You and the Company agree to submit to mandatory binding arbitration any and all claims arising out of or related to your employment with the Company and the termination thereof, including, but not limited to, claims for unpaid wages, wrongful termination, torts, stock or stock options or other ownership interest in the Company, and/or discrimination (including harassment) based upon any federal, state or local ordinance, statute, regulation or constitutional provision (collectively, "**Arbitrable Claims**").

THE PARTIES HEREBY WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS.

This Agreement does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict the employee's ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission and the Department of Labor). However, the parties agree that, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted in Santa Clara County, California through JAMS before a single neutral arbitrator, in accordance with the JAMS employment arbitration rules then in effect. The JAMS rules may be found and reviewed at <http://www.jamsadr.com/rules-employment-arbitration>. If you are unable to access these rules, please let me know and I will provide you with a hardcopy. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based.

10. **Background Check.** This offer is contingent upon a satisfactory verification of criminal, education, driving and/or employment background. This offer can be rescinded based upon data received in the verification.

11. **Entire Agreement.** This offer, once accepted, constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes all prior offers, negotiations and agreements, if any, whether written or oral, relating to such subject matter. You acknowledge that neither the Company nor its agents have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this agreement for the purpose of inducing you to execute the agreement, and you acknowledge that you have executed this agreement in reliance only upon such promises, representations and warranties as are contained herein

12. **Acceptance.** This offer will remain open until May 16, 2019. If you decide to accept our offer, and I hope you will, please sign the enclosed copy of this letter in the space indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

We look forward to the opportunity to welcome you to the Company.

Very truly yours,

/s/ Rick Klausner

---

**Rick Klausner, CEO**

I have read and understood this offer letter and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment offer except as specifically set forth herein.

/s/ Stephen Hill

---

**Stephen Hill**

Date signed: 5/14/2019

## APPENDIX A

### DEFINITIONS

Capitalized terms used below that are not defined in this **Appendix A** have the meanings set forth in the offer letter (the "**Agreement**") between you ("**Executive**") and the Company, to which this **Appendix A** is attached. As used in the Agreement:

**1. "Cause" means:**

- (a) Executive is indicted for, convicted of, or pleads guilty or nolo contendere to, a felony or crime involving moral turpitude;
- (b) Executive engages in conduct that constitutes willful gross negligence, willful misconduct, or unsatisfactory performance in carrying out the Executive's duties under this Agreement, and, if curable, such breach remains uncured following fifteen (15) days' prior written notice given by the Company to the Executive specifying such conduct;
- (c) Executive has breached any covenant or any material provision of any agreement with the Company, including among other things, a willful and material breach of written Company policy, and, if curable, such breach remains uncured following fifteen (15) days' prior written notice specifying such breach given by the Company to the Executive;
- (d) Executive's material violation of federal law or state law that the Board reasonably determines has had or is reasonably likely to have a material detrimental effect on the Company's reputation or business;
- (e) Executive's act of fraud or dishonesty in the performance of the Executive's job duties.

**2. "Change in Control" means** any transaction or series of related transactions pursuant to which any individual or entity acquires (a) more than fifty percent (50%) of the issued and outstanding equity securities of the Company or (b) all or substantially all of the assets of the Company (in either case, whether by merger, consolidation, sale, exchange, issuance, transfer or redemption of the Company's equity securities by sale, exchange or transfer of the Company's consolidated assets or otherwise).

**3. "Good Reason" means:**

- (a) that Executive, without Executive's express, written consent, has incurred a material reduction in authority, title, duties or responsibilities at the Company or a successor employer (with respect to a termination in connection with a Change in Control, relative to Executive's authority, title, duties or responsibilities immediately prior to the Change in Control); including without limitation any requirement that Executive report to any person(s) other than the Board;
- (b) that Executive, without Executive's express, written consent, has suffered a material breach of this Agreement by the Company or a successor employer;
- (c) that Executive, without Executive's express, written consent, has been required to relocate or travel more than fifty (50) miles from Executive's then current place of employment in order to continue to perform the duties and responsibilities of Executive's position (not including customary travel as may be required by the nature of Executive's position);
- (d) that Executive, without Executive's express, written consent, has incurred a material reduction of work space designed to cause Executive to resign, other than a reduction in work space generally applicable to all senior executives of the Company;

(e) that Executive, without Executive's express, written consent, has been directed by the Board to violate knowingly and intentionally any material state, federal or foreign law, rule or regulation applicable to the Company.

[Remainder of page left intentionally blank]

## APPENDIX B

### FORM OF RELEASE

In consideration for the payments and benefits to be provided pursuant to Section 3 of the offer letter (the “**Agreement**”) entered into by and between Stephen Hill (“**Executive**”) and Lyell Immunopharma, Inc., a Delaware corporation (the “**Company**”), with an effective date of June 19, 2019, Executive agrees to the following:

(a) Executive represents that Executive has not filed any complaints, charges or lawsuits against the Company with any governmental agency or any court.

(b) Executive expressly waives all claims, whether known or unknown, against the Company and releases the Company, and any of the Company’s past, present or future parent, affiliated, related, and/or subsidiary entities, and all of the past and present directors, stockholders, officers, general or limited partners, employees, agents, and attorneys, and agents and representatives of such entities, and employee benefit plans in which Executive is or has been a participant by virtue of his or her employment with the Company (collectively, the “**Releasees**”), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys’ fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, “**Claims**”), including but not limited to claims arising from the California Constitution; Title VII of the Civil Rights Act of 1964 (42 U.S.C. §2000e); Sections 1981 through 1988 of Title 42 of the United States Code; the California Fair Employment and Housing Act (Cal. Govt. Code §12900 et seq.); the Americans with Disabilities Act; the Age Discrimination in Employment Act (29 U.S.C. §§621-633a) (“**ADEA**”); the Older Workers’ Benefit Protection Act; Section 132a of the California Labor Code; The Employee Retirement Income Security Act of 1974 (“**ERISA**”) (except for any vested benefits under any tax qualified benefit plan); the Immigration Reform and Control Act; The Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Family Medical Leave Act; any claims under California or other state laws, and any other federal, state or local law, rule, regulation or ordinance; any public policy, contract, tort or common law; or, any basis for recovering costs, fees, or other expenses including attorneys’ fees; and claims of intentional infliction of emotional distress; breach of implied contract; or any other statute or common law principle of similar effect, known or unknown, which Executive now has, owns, or holds, or claims to have, own or hold, or which Executive at any time heretofore had, owned, or held, or claimed to have, own, or hold or which Executive at any time hereinafter may have, own, or hold, or claim to have, own, or hold, against each or any of Executive’s Releasees, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency, arising from acts, events, or circumstances occurring on or before the date of this Agreement. (the “**Release**”); provided, however, notwithstanding anything to the contrary set forth herein, that this Release shall not extend to (i) benefit claims under employee pension benefit plans in which Executive is a participant by virtue of Executive’s employment with the Company or its subsidiaries or to benefit claims under employee welfare benefit plans for occurrences (e.g., medical care, death, or onset of disability) arising after the execution of this Release by Executive, (ii) Executive’s rights under any stock option or other equity incentive agreement between Executive and Company (or any successor thereto) or under the stock option plans of the Company (or any successor thereto), (iii) any rights to ownership as a stockholder of the Company (or any successor thereto); (iv) Executive’s rights under the Agreement; (v) any rights pursuant to an agreement entered into in connection with a Change in Control (as defined in the Agreement) (including, without limitation, agreements entered into between the Company and any acquirer of the Company) or otherwise accruing to Executive as a result of, or related to a Change in Control, (vi) any claims Executive may have for indemnification pursuant to the Company’s certificate of incorporation, bylaws, law, contract or Company policy, (vii) any claims for coverage under any



applicable directors' and officers' insurance policy in accordance with the terms of such policy, or (viii) any claims arising from events that occur solely after the date Executive signs this Release. Nothing in this Release precludes Executive from entitlement to any monetary recovery awarded by the Securities and Exchange Commission in connection with any action asserted by the Securities and Exchange Commission.

California Civil Code Section 1542 Waiver. Executive expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the California Civil Code, and to the extent applicable any similar laws or statutes of any and all other States, and does so understand and acknowledge the significance and consequence of such specific waiver of Section 1542 of the California Civil Code, which provides as follows:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

Immunity under the Defend Trade Secrets Act of 2016. The federal Defend Trade Secrets Act of 2016 provides immunity in certain circumstances to Company employees, contractors, and consultants for limited disclosures of Company trade secrets. Specifically, Company employees, contractors, and consultants may disclose trade secrets:

- (1) in confidence, either directly or indirectly, to a Federal, State, or local government official, either directly or indirectly, or to an attorney, “solely for the purpose of reporting or investigating a suspected violation of law,” or
- (2) “in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.”

Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may also use and disclose related trade secrets in the following manner:

- (1) the individual may disclose the trade secret to his/her attorney, and
- (2) the individual may use the information in related court proceeding, as long as the individual files documents containing the trade secret under seal, and does not otherwise disclose the trade secret “except pursuant to court order.”

*Executive understands that this Release includes a release of claims arising under the Age Discrimination in Employment Act (ADEA). Executive understands and warrants that Executive has been given a period of twenty-one (21) days to review and consider this Release or forty-five (45) days if Executive's termination is part of a group reduction in force. Executive further warrants that Executive understands that, with respect to the release of age discrimination claims only, Executive has a period of seven days (7) after execution of this Release to revoke the release of age discrimination claims by notice in writing to the Company.*

**EXECUTIVE ACKNOWLEDGES ALL OF THE FOLLOWING:**

**(A) I HAVE CAREFULLY READ AND HAVE VOLUNTARILY SIGNED THIS RELEASE;**

**(B) I FULLY UNDERSTAND THE FINAL AND BINDING EFFECT OF THIS RELEASE, INCLUDING THE WAIVER OF CLAIMS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT; AND**

**(C) PRIOR TO SIGNING THIS RELEASE, I HAVE BEEN ADVISED OF MY RIGHT TO CONSULT, AND HAVE BEEN GIVEN ADEQUATE TIME TO REVIEW MY LEGAL RIGHTS WITH AN ATTORNEY OF MY CHOICE.**

/s/ Stephen Hill

\_\_\_\_\_  
Executive Signature

Stephen Hill

\_\_\_\_\_  
Executive Name (Print)

5/14/2019

\_\_\_\_\_  
Date

CERTAIN INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [\*], HAS BEEN OMITTED BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

**COLLABORATION AND LICENSE AGREEMENT**

**BETWEEN**

**Lyell Immunopharma, Inc.**

**AND**

**GlaxoSmithKline Intellectual Property (No. 5) Limited**

**[\*]**

**May 23, 2019**

Table of Contents

1.	DEFINITIONS	1
2.	GOVERNANCE	20
	2.1. <b>Joint Steering Committee</b>	20
	2.2. <b>Discontinuation of JSC</b>	21
	2.3. <b>Limitations on Authority of the JSC</b>	22
	2.4. <b>Alliance Managers</b>	22
3.	RESEARCH AND DEVELOPMENT PROGRAMS	23
	3.1. <b>Development Programs</b>	23
	3.2. <b>Initiation and Conduct of Lyell Development Programs</b>	29
	3.3. <b>Collaboration Target Selections</b>	30
	3.4. <b>Responsibility for Expenses for Conduct of Collaboration Programs</b>	33
	3.5. <b>Updates and Discussions</b>	34
	3.6. <b>Materials Transfer</b>	34
	3.7. <b>Data Integrity and Maintenance of Records</b>	34
	3.8. <b>Subcontracting</b>	35
	3.9. <b>Lyell Additional Development Activities</b>	35
4.	REGULATORY MATTERS	38
	4.1. <b>Regulatory Matters for Compounds and Product</b>	38
	4.2. <b>No Use of Debarred Person</b>	39
	4.3. <b>Standards of Conduct</b>	39
5.	COMMERCIALIZATION	39
	5.1. <b>Commercialization of Products</b>	39
	5.2. <b>Decision-Making Authority</b>	39
6.	MANUFACTURING	40
	6.1. <b>Overview</b>	40
	6.2. <b>Transfer of Manufacturing Technology</b>	40
	6.3. <b>Improvements in the Manufacture of Compounds</b>	41
7.	GRANT OF RIGHTS AND LICENSES	41
	7.1. <b>License to GSK</b>	41
	7.2. <b>Sublicensing by GSK</b>	42
	7.3. <b>Licenses to Lyell</b>	42
	7.4. <b>Improvements</b>	42

	<b>7.5. No Other Rights</b>	44
	<b>7.6. Public Domain Information</b>	44
	<b>7.7. Certain Rights and Obligations Under the Lyell License Agreements</b>	44
8.	<b>PAYMENTS</b>	45
	<b>8.1. Upfront Payment</b>	45
	<b>8.2. Technology Validation Payments</b>	45
	<b>8.3. Development and Commercial Milestone Payments for Collaboration Programs</b>	46
	<b>8.4. Sales Milestone Payments</b>	47
	<b>8.5. Royalty Payments to Lyell</b>	48
	<b>8.6. Royalty Payments and Reports</b>	51
	<b>8.7. Lyell License Agreements</b>	51
	<b>8.8. Payment Method</b>	52
	<b>8.9. Withholding Taxes</b>	52
	<b>8.10. Indirect Taxes</b>	53
	<b>8.11. Royalty on Sublicensee Sales</b>	53
	<b>8.12. Foreign Exchange</b>	53
	<b>8.13. Records</b>	53
	<b>8.14. Inspection of GSK Records</b>	53
	<b>8.15. Late Payments</b>	54
	<b>8.16. Invoicing</b>	54
9.	<b>PATENT PROSECUTION AND ENFORCEMENT</b>	54
	<b>9.1. Ownership of Information and Inventions</b>	54
	<b>9.2. Prosecution of Product Specific Patents</b>	54
	<b>9.3. Prosecution of Other Patents</b>	56
	<b>9.4. Infringement of Lyell Patent Rights by Third Parties</b>	56
	<b>9.5. Infringement of Other Lyell Patents</b>	57
	<b>9.6. Reexaminations, Oppositions and Related Actions</b>	58
	<b>9.7. Licensor Rights to Prosecute, Enforce, Extend or Defend</b>	59
	<b>9.8. Patent Contacts</b>	59
	<b>9.9. Further Action</b>	59
10.	<b>TRADEMARKS</b>	60
	<b>10.1. Product Trademarks</b>	60
	<b>10.2. Use of Name</b>	60

11.	EXCLUSIVITY	60
	<b>11.1. Lyell Exclusivity</b>	60
	<b>11.2. Program Exclusivity</b>	60
12.	CONFIDENTIALITY	60
	<b>12.1. Confidentiality</b>	60
	<b>12.2. Authorized Disclosure</b>	61
	<b>12.3. Publicity; Terms of Agreement</b>	62
	<b>12.4. Publications</b>	63
	<b>12.5. Publication and Listing of Clinical Trials</b>	64
	<b>12.6. Termination of Prior CDA</b>	65
13.	TERM AND TERMINATION	65
	<b>13.1. Term</b>	65
	<b>13.2. Termination by GSK at Will</b>	65
	<b>13.3. Termination by Either Party for Breach</b>	65
	<b>13.4. Termination by Either Party for Insolvency</b>	66
	<b>13.5. Termination for Patent Challenge</b>	66
	<b>13.6. Effects of Termination</b>	67
	<b>13.7. Effects of Expiration of Agreement</b>	71
	<b>13.8. Other Remedies</b>	71
	<b>13.9. Survival</b>	71
14.	REPRESENTATIONS AND WARRANTIES	73
	<b>14.1. Mutual Representations and Warranties</b>	73
	<b>14.2. Representations and Warranties and Covenants by Lyell</b>	74
	<b>14.3. No Other Representations or Warranties</b>	75
15.	INDEMNIFICATION AND LIMITATION OF LIABILITY	75
	<b>15.1. Indemnification by Lyell for Third Party Claims</b>	75
	<b>15.2. Indemnification by GSK for Third Party Claims</b>	76
	<b>15.3. Indemnification Procedures</b>	76
	<b>15.4. Limitation of Liability</b>	77
16.	DISPUTE RESOLUTION	77
	<b>16.1. Disputes; Resolution by Senior Executives</b>	77
	<b>16.2. Arbitration</b>	78
	<b>16.3. Baseball Arbitration</b>	79
	<b>16.4. Award</b>	80

16.5.	<b>Costs</b>	80
16.6.	<b>Injunctive Relief</b>	80
16.7.	<b>Confidentiality</b>	80
16.8.	<b>Survivability</b>	81
16.9.	<b>Patent and Trademark Disputes</b>	81
17.	<b>MISCELLANEOUS</b>	81
17.1.	<b>Entire Agreement; Amendments</b>	81
17.2.	<b>Export Control</b>	81
17.3.	<b>Rights in Bankruptcy</b>	81
17.4.	<b>Force Majeure</b>	82
17.5.	<b>Notices</b>	82
17.6.	<b>Independent Contractors</b>	83
17.7.	<b>Assignment</b>	83
17.8.	<b>Effect of Change of Control of Lyell</b>	83
17.9.	<b>Governing Law</b>	84
17.10.	<b>Performance by Affiliates; [*]</b>	85
17.11.	<b>Further Actions</b>	85
17.12.	<b>Compliance with Applicable Law</b>	85
17.13.	<b>Severability</b>	85
17.14.	<b>No Waiver</b>	86
17.15.	<b>Interpretation</b>	86
17.16.	<b>HSR Filing</b>	87
17.17.	<b>Counterparts</b>	88

**Exhibit 1.2** – Academic PoC Data Package

**Exhibit 1.21** – Collaboration Component Data Package

**Exhibit 1.40** – Existing License Agreements

**Exhibit 1.65** – Lyell Patents

**Exhibit 1.71** – Net Sales Deductions

**Exhibit 3.1(b)** – Program Diligence Information

**Exhibit 3.1(d)** – Technology Transfer Requirements

**Exhibit 3.2** – Items to be Provided by GSK to Lyell, to the Extent Controlled by GSK, Prior to Initiation of Lyell Development Program

**Exhibit 3.3(a)** – Initial Collaboration Targets

**Exhibit 3.3(b)** – GSK Nominated CAR Target Information

**Exhibit 3.3(b)(ii)** – Lyell Advanced CAR-T Target Information

**Exhibit 3.3(c)** – Items to be Included in Target Selection Notice

**Exhibit 3.3(d)** – Excluded Targets

**Exhibit 3.6** – Transfer Record

---

**Exhibit 8.7(b)-1** – Waiver of Certain Terms of Existing License Agreements  
**Exhibit 8.7(b)-2(A)** – Lyell License Agreement Provisions: Stanford License  
**Exhibit 8.7(b)-2(B)** – Lyell License Agreement Provisions: Hutchinson License  
**Exhibit 8.16** – Invoicing Information  
**Exhibit 14.2(k)** – Animal Research Policy  
**Exhibit 17.8(e)** – Terminating JSC Functions



## COLLABORATION AND LICENSE AGREEMENT

This COLLABORATION AND LICENSE AGREEMENT (this “**Agreement**”) is entered into as of May 23, 2019 (the “**Execution Date**”) and with effect (subject to Section 17.16) as of the Effective Date (as defined below), by and between LYELL IMMUNOPHARMA, INC., a corporation organized under the laws of Delaware, having its principal place of business at 400 E. Jamie Ct., Suite 301, South San Francisco, CA 94080 (“**Lyell**”), and GLAXOSMITHKLINE INTELLECTUAL PROPERTY (NO. 5) LIMITED, a company registered in England and Wales (registered number 11959399) with a registered office at 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom (“**GSK**”) and, [\*]. Lyell and GSK are sometimes referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

### RECITALS

**WHEREAS**, GSK is a pharmaceutical company engaged, among other things, in the research, development, manufacture and commercialization of human therapeutic products on a worldwide basis;

**WHEREAS**, Lyell is a biopharmaceutical company focused on discovery, development and commercialization of T-Cell therapies; and

**WHEREAS**, Lyell and GSK desire for Lyell to conduct preclinical and certain clinical development of Products directed to Collaboration Targets suitable for development for human therapeutic uses, with the objective of identifying one or more Anti-Exhaustion Components to incorporate into Products for GSK to advance in human clinical trials and eventually commercialize, in accordance with the terms and conditions set forth in this Agreement.

**NOW THEREFORE**, in consideration of the foregoing premises and the mutual promises, covenants and conditions contained in this Agreement, the Parties agree as follows.

### 1. DEFINITIONS

As used in this Agreement, the terms with initial letters capitalized, whether used in the singular or plural form, shall have the meanings set forth in this Article 1 or, if not listed below, the meaning designated in places throughout this Agreement.

**1.1 “Academic PoC”** means (a) with respect to Collaboration Programs other than the [\*] Collaboration Program, Cancer Academic PoC or (b) with respect to the [\*] Collaboration Program, [\*] Academic PoC. If the Substitution Target is substituted for the [\*] Initial Collaboration Target pursuant to Section 3.1(a)(i)(1), Academic PoC for the Collaboration Program for the Substitution Target shall mean Cancer Academic PoC.

**1.2 “Academic PoC Data Package”** means, with respect to a Lyell PoC Development Program, a notice containing the Information set forth in **Exhibit 1.2** for the Academic PoC Clinical Trial (i.e., for the number of patients described in Section 1.11 and Section 1.33, as applicable, and for any other patients in such Clinical Trial for whom such Information has been received as of the date Academic PoC is completed).

**1.3 “Advancement of Program”** means either (a) initiating a new Clinical Trial for a Product on the same tumor type for which a Clinical Trial was conducted under the applicable Collaboration Program or (b) expanding a Clinical Trial for a Product to gather further information on a patient population studied in that Clinical Trial; in each case to confirm or further evaluate a positive signal or trend observed in such Clinical Trial.

**1.4 “Affiliate”** means, with respect to a particular Party, a Person that controls, is controlled by or is under common control with such Party. For the purposes of this definition, the word “control” (including, with correlative meaning, the terms “controlled by” or “under the common control with”) means the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity, whether by the ownership of more than fifty percent (50%) of the voting stock of such entity, or by contract or otherwise.

**1.5 “Anti-Exhaustion Components”** means those elements or aspects of a T-Cell Therapy, or the methods of production thereof, that mediate or contribute to the prevention, reversal, reduction, controlling or other inhibitory effect on T-Cell Exhaustion.

**1.6 “Applicable Law”** means any applicable federal, state, local or foreign law, statute, ordinance, principle of common law, or any rule, regulation, standard, judgment, order, writ, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Authority.

**1.7 “Biosimilar Product”** means in a particular country with respect to a Product, any pharmaceutical product that: (a) has received all necessary approvals by the applicable Regulatory Authorities in such country to market and sell such product as a pharmaceutical product; (b) is marketed or sold by a Third Party that has not obtained the rights to market or sell such product as a licensee, sublicensee or distributor of GSK or any of its Affiliates, licensees or sublicensees with respect to such product; and (c) is approved as a (i) “biosimilar” (in the United States) of such Product, (ii) as a “similar biological medicinal product” (in the EU) with respect to which such Product is the “reference medicinal product” or (iii) if not the US or EU, as the foreign equivalent of a “biosimilar” or “similar biological medicinal product” of such Product; in each case for use in such country pursuant to a regulatory approval process governing approval of generic biologics based on the then-current standards for regulatory approval in such country (*e.g.*, the Biologics Price Competition and Innovation Act of 2009 in the United States, or an equivalent under foreign law).

**1.8 “BLA”** means a Biologicals License Application (as more fully defined in 21 U.S.C. §262(a)(2)(C), 21 C.F.R. 601.2(a), or their successor provisions) seeking Regulatory Approval of a Product and all amendments and supplements thereto filed with the FDA.

**1.9 “Business Day”** means a day that is not (a) a Saturday, Sunday or a day on which banking institutions in New York, New York or London, UK are required by Applicable Law to remain closed, or (b) the nine (9) consecutive calendar days beginning on December 24 through and including January 1 of each Calendar Year to the extent those days are not included in (a) in this Section 1.9.

**1.10 “Calendar Year”** means the one (1) year period beginning on January 1 and ending on December 31.

**1.11 “Cancer Academic PoC”** means (a) receipt of patient data from Evaluable Patients only, for (i) [\*] patients with a Prevalent Solid Tumor (or other such indication the JSC agrees should be pursued or, in connection with a Lyell Component Development Program, GSK elects to pursue) in a Clinical Trial of a Product, or, (ii) if earlier, receipt of such data for [\*] patients in such a Clinical Trial administered the same dose of such Product (e.g., [\*] patients in an expansion cohort administered a dose selected from the dose escalation portion of such Clinical Trial, together with [\*] patients from the dose escalation cohort at the same dose), and (b) in the event such Clinical Trial is being conducted by or on behalf of Lyell, delivery of such patient data to GSK as part of the Academic PoC Data Package. For such purposes, “patient data” shall mean the data identified in the protocol for the Clinical Trial to be collected at the [\*]. It is understood that such Clinical Trial may be conducted either by Lyell as the sponsor, or by an academic collaborator (as sponsor) in collaboration with Lyell.

**1.12 “Cancer Proof of Clinical Concept”** means receipt of patient data from Evaluable Patients only in a Clinical Trial of a T-Cell Therapy incorporating or made using one or more Anti-Exhaustion Components in a Prevalent Solid Tumor (or other such indication the JSC agrees should be pursued) showing an increase of overall response rate (ORR) per the response criteria specified in the protocol for such Clinical Trial of at least [\*] relative to a T-Cell Therapy comprising a Comparator T-Cell, but in any case showing at least a [\*] overall response rate (ORR) (e.g., an increase from [\*] ORR to [\*] ORR) in one or more cohorts comprising at least [\*] Evaluable Patients combined. For such purposes, “patient data” shall mean the data identified in the protocol for the Clinical Trial to be collected on or before the [\*]. Notwithstanding the foregoing, Cancer Proof of Clinical Concept shall be deemed achieved for a Product upon the earlier of (a) [\*] for such Product by or under the authority of GSK (which shall not be required to be for a Prevalent Solid Tumor) or (b) filing of a MAA for such Product by or under the authority of GSK.

**1.13 “CAR”** means a chimeric antigen receptor comprised of one or more antigen binding domains (derived from an antibody, synthetic molecule, or native receptor or ligand) linked to one or more signaling domains (derived from components of the native TCR or other immune receptors) expressed from a single chain amino acid sequence or as multiple separate domains, that can activate the T-Cell on which such CAR is expressed following engagement of the target antigen whether such target antigen is naturally expressed on the cell surface or intracellularly.

**1.14 “CAR-T”** means a T-Cell incorporating a CAR.

**1.15 “CAR-T Collaboration Target”** means the Initial Collaboration Target [\*] (or, as applicable, the Substitution Target or Monospecific Target) and a Collaboration Target added as an Additional Target in accordance with Section 3.3(b) below, in each case for which a CAR T-Cell Therapy will be developed hereunder.

**1.16 “CAR-T Program”** means a Lyell Development Program and the associated GSK Program for a CAR-T Collaboration Target.

**1.17 “CAR T-Cell Therapy”** means a therapy comprising a T-Cell, whether or not autologous, that has been genetically modified ex vivo to express a CAR directed to an antigen.

**1.18 “Change of Control Transaction”** means, with respect to Lyell:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) (a “**Specified Person**”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of [\*] or more of either (i) the then outstanding shares of common stock of Lyell (the “**Outstanding Common Stock**”) or (ii) the combined voting power of the then outstanding voting securities of Lyell entitled to vote generally in the election of directors of Lyell (the “**Outstanding Voting Securities**”); *provided, however*, that for the purposes of this sub-Section (a), the following acquisitions of securities of Lyell shall not constitute a Change of Control Transaction of such Party: (x) any acquisition by Lyell, (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Lyell or any corporation controlled by Lyell or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (i) and (ii) of subsection (b) of this definition;

(b) the consummation of any acquisition, merger or consolidation involving any Third Party (a “**Business Combination Transaction**”), unless immediately following such Business Combination Transaction, (i) the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such Business Combination Transaction beneficially own, directly or indirectly, [\*] or more of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Business Combination Transaction (including a corporation which as a result of such transaction owns the then-outstanding securities of Lyell or all or substantially all of Lyell’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination Transaction, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be and (ii) more than [\*] of the members of the board of directors of the corporation resulting from such Business Combination Transaction were members of the Board of Directors of Lyell at the time of the execution of the initial agreement, or of the action of the Board of Directors of Lyell, providing for such Business Combination Transaction; or

(c) a Party or any of its Affiliates sells or transfers to any Specified Person(s) (other than the other Party or its Affiliates) in one or more related transactions properties or assets representing all or substantially all of such Party’s business or assets at the time of such sale or transfer.

**1.19 “China”** means mainland China, Hong Kong and Macau.

**1.20 “Clinical Trial”** means any human clinical trial of a Product generally consistent with 21 CFR §312.21 or equivalent trial outside of the United States.

**1.21 “Collaboration Component Data Package”** means, with respect to a Lyell Component Development Program, a notice containing the Information described in **Exhibit 1.21** pertaining to the Collaboration Deliverable for such Lyell Component Development Program.

**1.22 “Collaboration Program”** means a TCR Program or a CAR-T Program.

**1.23 “Collaboration Target”** means the Initial Collaboration Targets and any Additional Target that is added in accordance with Section 3.3 of this Agreement.

**1.24 “Combination Product”** means a Product that includes at least one additional standalone pharmaceutically active ingredient (whether co-formulated, co-packaged or sold as a combination) (e.g., a stand-alone anti-PD-1 antibody therapeutic) which is (a) not a Compound, (b) neither incorporated into nor a modification of the T-Cell (including in any CAR or TCR expressed by such T-Cell) used or contained in such Product, and (c) not an instrumental component of the T-Cell Therapy developed under a Collaboration Program comprising such T-Cell. Pharmaceutical dosage form vehicles, adjuvants and excipients shall not be deemed to be “pharmaceutically active ingredients.”

**1.25 “Commercialize” or “Commercialization”** means the marketing, promotion, sale (and offer for sale or contract to sell), distribution, importation or other commercial exploitation (including pricing and reimbursement activities) for a Product in the Territory. Commercialization shall include commercial activities conducted in preparation for Product launch.

**1.26 “Commercially Reasonable Efforts”** means, with respect to GSK’s obligations under this Agreement to Develop or obtain First Commercial Sale of a Product in the Oncology Field, such efforts as are consistent with the efforts and resources normally used by **[\*]**, with similar product characteristics, which is of similar market potential at a similar stage in its development or product life, taking into account issues of scientific risk, patent coverage, safety and efficacy, product profile, potential profitability of the product, the competitiveness of the marketplace, the proprietary position of the compound or product, the regulatory structure involved and other relevant technical, legal, scientific or medical factors; *provided* that Commercially Reasonable Efforts will be determined on a market-by-market and indication-by-indication basis for a particular Product, and it is anticipated that the level of effort may be different for different markets and may change over time, reflecting changes in the status of the Product and the market(s) involved. “Commercially Reasonable Efforts” means, with respect to Lyell’s obligations under this Agreement, the carrying out of such obligations or tasks with a level of effort and resources consistent with **[\*]**, subject to and in accordance with the terms and conditions of this Agreement.

**1.27 “Comparator T-Cells”** means, with respect to T-Cells incorporating or made using one or more Anti-Exhaustion Components administered in a Clinical Trial (“**Engineered T-Cells**”), (a) T-Cells that incorporate the same CAR or TCR as the Engineered T-Cell without incorporating or being made using such Anti-Exhaustion Component(s), and which are administered to a patient in the same or another Clinical Trial (whether previously or concurrently conducted) or (b) other T-Cells as decided by the JSC (subject to resolution pursuant to Section 2.1(d) and Section 16.3).

**1.28 “Compound”** means, with respect to a Collaboration Program, any vectors, plasmids, packaging cells or other materials comprising or used to express, deliver, perform or produce the Collaboration Anti-Exhaustion Components for the Product(s) developed under such Collaboration Program.

**1.29 “Confidential Information”** means, subject to the exceptions set forth in Section 12.1, the terms and conditions of this Agreement (but not its existence), all non-public Information of a Party that is disclosed to the other Party under this Agreement, which may include specifications, know-how, trade secrets, technical information, models, business information, inventions, discoveries, methods, procedures, formulae, algorithms, patient information, financial and strategic information, protocols, techniques, data, databases, clinical trial endpoints, candidate selection criteria and unpublished patent applications, whether disclosed in oral, written, graphic, photographic, electronic, magnetic or other form.

**1.30 “Control”** means, with respect to any material, Information, or intellectual property right, that a Party or its Affiliate(s) (a) owns such material, Information, or intellectual property right, or (b) has a license or right to use such material, Information, or intellectual property right, in each case (a) or (b) with the ability to grant to the other Party access, a right to use, or a license, or a sublicense (as applicable) to such material, Information, or intellectual property right on the terms and conditions set forth herein, without violating the terms of any agreement or other arrangement with any Third Party in existence as of the time such Party or its Affiliates would first be required hereunder to grant the other Party such access, right to use or (sub)license. In the case of Information or tangible materials, “Control” requires possession thereof by a Party or its Affiliate or, if such Information or Materials are in the possession of a Third Party, the ability of a Party or its Affiliate to reasonably access and obtain such Information or Materials from such Third Party.

**1.31 “Cover”, “Covered” or “Covering”** means, with respect to a Product (or Compound), that, in absence of a (sub)license under, or ownership of, a Patent, the making, using, offering for sale, selling, importing or other exploitation of such Product (or Compound) would infringe, contributorily infringe or induce infringement of, a Valid Claim of such Patent as issued or in the case of a Patent that has not yet issued, would infringe, contributorily infringe or induce infringement of, a Valid Claim of such Patent if it were to issue.

**1.32 “Develop” or “Development”** means all development activities with respect to a Product, including those in support of obtaining, maintaining or expanding Regulatory Approval of a Product, for one or more indications in the Field. This includes: (a) preclinical/nonclinical research and testing, toxicology and Clinical Trials; and (b) preparation, submission, review and development of data or information and Regulatory Materials for the purpose of submission to a Governmental Authority to obtain, maintain or expand Regulatory Approval of a Product (including contacts with Regulatory Authorities).

**1.33 “[\*] Academic PoC”** means (a) receipt of patient data from Evaluable Patients only, for (i) [\*] (or such other indication the JSC agrees should be pursued under the [\*] Collaboration Program) in a Clinical Trial of a Product, or, (ii) if earlier, receipt of such data for [\*] patients in a Clinical Trial administered the same dose of such Product, and (b) in the event such Clinical Trial is being conducted by or on behalf of Lyell, delivery of such patient data to

GSK as part of the Academic PoC Data Package. For such purposes, “patient data” shall mean the data identified in the protocol for the Clinical Trial to be collected at the [\*]. It is understood that such Clinical Trial may be conducted either by Lyell as the sponsor, or by an academic collaborator (as sponsor) in collaboration with Lyell.

**1.34 “[\*] Proof of Clinical Concept”** means receipt of patient data from Evaluable Patients only, in a Clinical Trial of a T-Cell Therapy incorporating or made using one or more Anti-Exhaustion Components in [\*] (or such other indication the JSC agrees should be pursued under the [\*] Collaboration Program) showing an absolute increase of at least [\*] in overall response rate (ORR) per the response criteria specified in the protocol for such Clinical Trial relative to a T-Cell Therapy comprising a Comparator T-Cell but in any case a CR rate of at least [\*], in one or more cohorts comprising at least [\*] Evaluable Patients, combined, with [\*] (or such other indication the JSC agrees should be pursued under the [\*] Collaboration Program). For such purposes, “patient data” shall mean the data identified in the protocol for the Clinical Trial to be collected on or before the [\*]. Notwithstanding the foregoing, [\*] Proof of Clinical Concept shall be deemed achieved for a Product upon the earlier of (a) [\*] for such Product by or under the authority of GSK (which shall not be required to be for [\*]) or (b) filing of a MAA for such Product by or under the authority of GSK.

**1.35 “Dollar” or “\$”** means the lawful currency of the United States.

**1.36 “Effective Date”** means, except with respect to Sections 17.9 and 17.16 which are effective as of the Execution Date, the date that is the later of the HSR Clearance Date and date of the “Closing” under that certain Series AA Preferred Stock Purchase Agreement between Lyell and [\*] dated concurrent with the Execution Date of this Agreement.

**1.37 “EMA”** means the European Medicines Agency and any successor agency thereto.

**1.38 “EU” or “European Union”** means the United Kingdom (regardless of whether it is or remains a member of the European Union) and European Union, as its membership may be constituted from time to time, and any successor thereto, and which, as of the Execution Date, consists of Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom, and that certain portion of Cyprus included in such organization.

**1.39 “Evaluable Patient”** means (a) a patient who met all clinical trial inclusion/exclusion criteria, received the correct dose and is considered evaluable pursuant to the most recent protocol for the applicable Clinical Trial that was included in the IND (or amendment thereof) for such Clinical Trial that has been submitted to a Regulatory Authority and has been cleared (*e.g.*, elapse of [\*] after submission of the IND to the FDA without response from the FDA), and (b) for each such patient described in clause (a), all reported clinical responses are confirmed under the then-current Response Evaluation Criteria in Solid Tumors (such criteria commonly referred to as RECIST) or other generally accepted clinical response criteria for the applicable specific clinical setting, as specified in the applicable protocol (as described above) for such Clinical Trial.

1.40 “Existing License Agreements” means each license agreement between Lyell and a Third Party set forth on Exhibit 1.40.

1.41 “Existing Third Party Licensor” means a Third Party that is a party to an Existing License Agreement.

1.42 “Expired Program” means a Collaboration Program for which all applicable Royalty Terms have expired.

1.43 “FD&C Act” or “Act” means the United States Federal Food, Drug and Cosmetic Act, as amended.

1.44 “FDA” means the United States Food and Drug Administration and any successor agency thereto.

1.45 “Field” means all diagnostic and therapeutic uses in humans, including the Oncology Field.

1.46 “First Commercial Sale” means, with respect to a Product and country, the first sale to a Third Party of such Product in such country after Regulatory Approval and any pricing and reimbursement approvals required to sell such Product in such country have been obtained in such country (or with respect to the EU if Regulatory Approval from the EMA is not obtained, such approval (including pricing and reimbursement approvals as required) in at least one (1) of the following countries: [\*]). Sales or other dispositions under compulsory sublicenses, for Clinical Trial or other scientific testing purposes, as free samples, under named patient use, patient assistance, charitable purposes, early access or compassionate use programs, or similar uses, programs or studies, shall not constitute a First Commercial Sale.

1.47 “General Tools” means any Patents, Information, materials or other intellectual property right covering or comprising methods, processes, materials and tools to the extent generally applicable to the discovery, generation or Development of CARs, TCRs or Anti-Exhaustion Components (but not necessary, unique or specific to the Development, production or Commercialization of the Collaboration Anti-Exhaustion Components incorporated into a Compound or Product), or assays, software and algorithms relating to such discovery, generation, or Development including those relating to the measurement of T-Cell Exhaustion, processing of data, patient scheduling and other generally applicable methods.

1.48 “Government Official” means (a) any officer or employee of a government or any department, agency or instrumentality of a government (which includes public enterprises, and entities owned or controlled by the state); (b) any officer or employee of a public international organization such as the World Bank or United Nations; (c) any officer or employee of a political party, or any candidate for public office; (d) any individual defined as a government or public official under Applicable Laws (including anti-bribery and corruption laws) and not already covered by any of the above; or (e) any individual acting in an official capacity for or on behalf of any of the above. “Government Official” includes any individual with close family members who are Government Officials (as defined above) with the capacity, actual or perceived, to influence or take official decisions affecting Lyell or GSK business.



**1.49 “Governmental Authority”** means any court, agency, authority, department, regulatory body or other instrumentality of any government or country or of any national, federal, state, provincial, regional, county, city or other political subdivision of any such government or any supranational organization of which any such country is a member, which has competent and binding authority to decide, mandate, regulate, enforce or otherwise control the activities of the Parties or their Affiliates contemplated by this Agreement.

**1.50 “GSK Competitor”** means a pharmaceutical company that has [\*].

**1.51 “GSK Data Sharing Initiative”** means the policy initiative(s) of GSK and its Affiliates (as may be amended from time to time), known as of the Execution Date as the “SHaring Anonymised REsearch data (SHARE) Initiative”, to provide researchers with access to Clinical Trial information, including coded or anonymized patient level data.

**1.52 “GSK Patent”** means any Patent that claims a Sole Invention owned by GSK.

**1.53 “GSK Program”** means a GSK Development Program for a Collaboration Target and all activities of GSK, its Affiliates and any Sublicensees with respect to the manufacture, Development, Commercialization or other exploitation of a Compound or Product directed to such Collaboration Target.

**1.54 “Human Biological Samples”** means any human biological material (including any derivative or progeny thereof), including any portion of an organ, any tissue, skin, bone, muscle, connective tissue, blood, cerebrospinal fluid, cells, gametes, or sub-cellular structures such as DNA, or any derivative of such biological material such as stem cells or cell lines, and any human biological product, including hair, nail clippings, teeth, urine, feces, breast milk and sweat.

**1.55 “ICH”** means International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

**1.56 “IND”** means (a) an Investigational New Drug Application (including any amendments thereto) as defined in the FD&C Act and applicable regulations promulgated thereunder by the FDA, or (b) the equivalent application to the applicable Regulatory Authority in any other regulatory jurisdiction, the filing of which is necessary to initiate or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction.

**1.57 “IND Enabling Studies”** means, with respect to Products, toxicology studies evaluating such Products that are conducted in accordance with then-current good laboratory practices, as set forth in 21 C.F.R. Part 58 and as interpreted by relevant ICH guidelines, in each case, as amended from time to time, for purposes of including such results in an IND.

**1.58 “Information”** means any data, results and information of any type whatsoever, in any tangible or intangible form, including know-how, trade secrets, practices, techniques, methods, processes, inventions, developments, specifications, formulations, formulae, of any type or kind (patentable or otherwise), software, algorithms, marketing reports, expertise, stability, technology, test data including pharmacological, biological, chemical, biochemical, toxicological, and clinical test data, analytical and quality control data, stability data, studies and procedures.

**1.59 “License Upfront/Maintenance Fees”** means payments made under a Lyell License Agreement on an upfront basis, or on a recurring basis becoming due principally on the basis of the passage of time from the date such Lyell License Agreement was entered into.

**1.60 “Lyell Anti-Exhaustion Technology”** means Lyell Technology, including Anti-Exhaustion Components, directed to preventing, reducing, reversing, controlling and/or mediating other effect on T-Cell Exhaustion as applicable, and any Lyell Technology directed to improve control, safety and specificity of T-Cell Exhaustion resistant CARs or TCRs.

**1.61 “Lyell Know-How”** means, subject to Sections 3.9(c) and 8.7(c), all Information Controlled by Lyell as of the Execution Date or thereafter until the later of the expiration of the [\*] (or such longer term during which Lyell is conducting Additional Development Activities with respect to any Collaboration Program) and, with respect to a particular Collaboration Program, the completion of such Lyell Development Program, that is necessary or reasonably useful for the Development, manufacture, use or Commercialization of Compounds or Products (including the Collaboration Anti-Exhaustion Components thereof), but excluding any rights under Patents. Lyell Know-How shall not include: (a) any General Tools, (b) any Information to the extent pertaining to the composition of matter or formulation of, or any method of making or using, any Anti-Exhaustion Component that is not a Collaboration Anti-Exhaustion Component, any product that is not a Product or any compound that is not a Compound, and (c) any Information regarding General Tools.

**1.62 “Lyell License Agreement(s)”** means, individually and collectively, the Existing License Agreements and, subject to Sections 3.9(c) and 8.7(c), the New Third Party Technology Agreements.

**1.63 “Lyell Manufacturing Technology”** means all Lyell Know-How and Lyell Materials that are necessary or reasonably useful for GSK (or its Third Party manufacturer) to manufacture the Compounds or Products (including the Collaboration Anti-Exhaustion Components thereof), including Lyell Manufacturing Improvements and (to the extent applicable and Controlled by Lyell) Information with respect to the production, manufacture, processing, filling, finishing, packaging, inspection, receiving, holding and shipping of Compounds or Products (including the Collaboration Anti-Exhaustion Components thereof), or any raw materials or packaging materials with respect thereto, or any intermediate of any of the foregoing, including in all respects any of the foregoing that is developed or improved prior to the Execution Date or thereafter during the Term until the later of the expiration of the [\*] (or such longer term during which Lyell is conducting Additional Development Activities with respect to any Collaboration Program) and the completion of all Lyell Development Programs, that relates to T-Cell Therapies.

**1.64 “Lyell Materials”** means, subject to Sections 3.9(c) and 8.7(c), all tangible materials provided by Lyell to GSK in connection with this Agreement.

**1.65 “Lyell Patent Rights”** means, subject to Sections 3.9(c) and 8.7(c), all Patents within the Territory that are Controlled by Lyell as of the Execution Date or thereafter during the Term until the later of the expiration of the [\*] (or such longer term during which Lyell is conducting Additional Development Activities with respect to any Collaboration Program) and, with respect to a particular Collaboration Program, the completion of such Lyell Development

Program, that Cover any Compound or Product (including in each case its or any Collaboration Anti-Exhaustion Component's composition, formulation, product by process, or method of use, manufacture, preparation or administration). The Lyell Patent Rights may include, but will not be limited to, those Patents which are Controlled by Lyell as of the Execution Date listed in **Exhibit 1.65**, which may be amended from time to time as Lyell acquires Control of additional Patents (for clarity, GSK does not obtain a license under any such listed Patent until it exercises an Option that includes such Patent in the license granted thereunder with respect to such Collaboration Program).

**1.66 "Lyell Technology"** means the Lyell Patent Rights, Lyell Know-How and Lyell Materials (which Lyell Know-How and Lyell Materials includes Lyell Manufacturing Technology).

**1.67 "MAA"** means an application for Regulatory Approval for a Product in a country or region of the Territory, including a BLA in the United States.

**1.68 "Major European Countries"** means [\*].

**1.69 "Major Market"** means the [\*].

**1.70 "MHLW"** means the Japanese Ministry of Health, Labour and Welfare, and any successor agency thereto.

**1.71 "Net Sales"** means, with respect to a Product or Compound, the net sales of a Related Party of such Product or Compound calculated using International Financial Reporting Standards ("**IFRS**") and the gross to net accounting used for publicly reporting its financials in each case consistently applied by the Related Party. Adjustments may be made to the calculation of net sales as required by changes in IFRS, or the Related Party's accounting rules, as applicable, brought about by merger, take-over or Applicable Law. As of the Execution Date, the deductions from gross sales to arrive at net sales are consistent with the deductions described in **Exhibit 1.71**. For the avoidance of doubt, no royalties shall be due upon sales of Products or Compounds to and between the Related Parties for further sale, unless the respective Related Party is last in the distribution chain of the Product or Compound, and further *provided, however*, that royalties shall be payable upon the final sale by a Related Party to an independent Third Party; any sale to an independent Third Party distributor will be deemed as end-user sale and such sales will be used for the calculation of royalties. In the event a Product or Compound is sold, assigned or transferred for consideration other than cash, the value of such non-cash consideration shall be deemed to be equal to the fair market value of the non-cash consideration as determined by the Related Party's auditors from time to time.

Net Sales of any Combination Product for the purpose of calculating milestones or royalties due under this Agreement shall be determined on a country-by-country basis for a given accounting period as follows: first, the Related Party(ies) shall determine the actual Net Sales of such Combination Product (using the above provisions), and then: such Net Sales amount for the Combination Product shall be multiplied by the fraction  $A/(A+B)$ , where A is the net selling price in such country of a Product not containing any other pharmaceutically active ingredients (as such term is used in the definition of Combination Products), if sold separately for the same dosage as

contained in the Combination Product, and B is the net selling price in such country of any other pharmaceutically active ingredients in the combination if sold separately for the same dosage as contained in the Combination Product. All net selling prices of the elements of such end-user product or service shall be calculated as the average net selling price of the said elements during the applicable accounting period for which the Net Sales are being calculated. In the event that, in any country, no separate sale of either such above-designated Product (containing no other pharmaceutically active ingredients) or any one or more of the pharmaceutically active ingredients included in such Combination Product are made during the accounting period in which the sale was made or if net selling price for a pharmaceutically active ingredient cannot be determined for an accounting period, Net Sales allocable to the Product in each such country shall be determined by [\*] that takes into account, on a country-by-country basis, all relevant factors (including variations in [\*]).

**1.72 “New Third Party Technology”** means Patents and Information in-licensed or acquired by Lyell between the Execution Date and the Effective Date, and after the Effective Date and within the [\*] (or such longer term during which Lyell is conducting: (a) Additional Development Activities with respect to any Collaboration Program, or (b) any Lyell Development Program), that is not included in the rights licensed under the Existing License Agreements. For clarity, “rights licensed under the Existing License Agreements” includes such rights as they exist on the Execution Date as well as rights that may be added to the scope of the Existing License Agreements (*e.g.*, rights in improvements or rights arising under sponsored research agreements entered into in connection with the Existing License Agreements) during the term described above to the extent such added rights are on the same terms (including financial terms) as the rights existing on the Execution Date.

**1.73 “New Third Party Technology Agreement”** means an agreement between Lyell or its Affiliates and a Third Party, pursuant to which Lyell or its Affiliates are granted rights to New Third Party Technology.

**1.74 “Oncology Field”** means all uses for oncology diseases, disorders or conditions in humans, including prophylactic or therapeutic treatment, delay or prevention of any oncology diseases, disorders or conditions in humans.

**1.75 “Patent”** means (a) all patents and patent applications, including provisional patent applications and applications for certificates of invention, (b) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from any of these, including divisionals, continuations, continuations-in-part, converted provisionals, and continued prosecution applications, (c) any and all patents that have issued or in the future issue from the foregoing patent applications in (a) and (b), including utility models, petty patents and design patents and certificates of invention, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including adjustments, revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications in (a), (b) and (c) above, and (e) any foreign equivalents of any of the foregoing.

**1.76 “Person”** means any individual, partnership, joint venture, limited liability company, corporation, firm, trust, association, unincorporated organization, Governmental Authority or other entity not specifically listed herein.

**1.77 “Phase 3 Clinical Trial”** means a Clinical Trial satisfying the requirements of 21 C.F.R. 312.21(c) in the United States or the corresponding regulation in jurisdictions other than the United States.

**1.78 “Prevalent Solid Tumor”** means either: (a) one of the following cancers such as prostate, breast, lung, colorectal, bladder, renal cell, head and neck, pancreatic, stomach, ovary, esophagus, malignant melanoma or hepatocellular carcinoma, (b) any other solid cancer that has a comparable prevalence to the cancers listed in clause (a), or (c) with respect to the [\*] Initial Collaboration Target, includes [\*].

**1.79 “Prior CDA”** means the Confidentiality Agreement entered into by GlaxoSmithKline LLC and Lyell effective July 10, 2018.

**1.80 “Product”** means with respect to a Collaboration Program, a CAR T-Cell Therapy or TCR T-Cell Therapy directed to the Collaboration Target for such Collaboration Program, as applicable, comprising, incorporating or made using one or more Collaboration Anti-Exhaustion Components.

**1.81 “Product Specific Patent”** means, with respect to a Collaboration Program, any Patent (including all claims and the entire scope of claims therein) within the Lyell Patent Rights that (a) Covers only the composition of matter or formulation of, or method of making or using, one or more Collaboration Anti-Exhaustion Components as incorporated into one or more Products, and (b) does not Cover subject matter other than that described in (a).

**1.82 “Proof of Biology”** means receipt of patient data from Evaluable Patients only, generated in a Clinical Trial of a T-Cell Therapy, indicating in at least [\*] subjects dosed with Engineered T-Cells a decrease in exhaustion or dysfunction of the Engineered T-Cells relative to a patient dosed with Comparator T-Cells. Such a proof of biology can be shown by demonstrating that, at a follow-up visit for patients [\*] after dosing, there are at least [\*] more functional Engineered T-Cells detected in patients’ blood samples in at least [\*] Evaluable Patients than the mean amount of the functional Comparator T-Cells detected in patients’ blood samples that were dosed with such Comparator T-Cells (*e.g.*, at such [\*] follow-up visit, [\*] patients from [\*] dosed with Engineered T-Cells have [\*] more detected functional Engineered T-Cells than the mean detected functional Comparator T-Cells at the [\*] follow-up visit for patients dosed with the Comparator T-Cells). Such differences in amount of functional T-Cells may be demonstrated by a killing assay or cytokine release assay, or another method decided by the JSC (subject to resolution pursuant to Section 2.1(d) and Section 16.3). Alternatively, such proof of biology can be shown by demonstrating [\*] of the following: (a) at the [\*] Follow Up Visit, there are at least [\*] more naïve or stem cell memory cells (TScm) derived from Engineered T-Cells detected in Evaluable Patients’ blood samples than the mean amount of the memory Comparator T-Cells detected in patients’ blood samples that were dosed with such Comparator T-Cells; (b) the mean cell-adjusted dose area under the curve (AUC) assessed over [\*] following dosing with Engineered T-Cells is at least [\*] times higher for Engineered T-Cells detected in Evaluable Patients’ blood samples than

the mean AUC for the Comparator T-Cells detected in patients' blood samples that were dosed with such Comparator T-Cells; or (c) the dose of Engineered T-Cells is at least [\*] times lower relative to a patient dosed with Comparator T-Cells; *provided* that (i) the ORR is equal to or higher for Evaluable Patients treated with Engineered T-Cells relative to patients dosed with Comparator T-Cells and (ii) there is at least a [\*] ORR in Evaluable Patients treated with Engineered T-Cells. Notwithstanding the foregoing, Proof of Biology shall in any case be deemed achieved upon the achievement of Academic PoC in accordance with Section 3.1(b)(ii) for any Collaboration Target, whether for a Lyell PoC Development Program or a Lyell Component Development Program.

**1.83 "Proof of Clinical Concept"** means (a) with respect to Collaboration Programs other than the [\*] Collaboration Program, Cancer Proof of Clinical Concept or (b) with respect to the [\*] Collaboration Program, [\*]. If the Substitution Target is substituted for the [\*] Initial Collaboration Target pursuant to Section 3.1(a)(i)(1), Proof of Clinical Concept for the Collaboration Program for the Substitution Target shall mean Cancer Proof of Clinical Concept.

**1.84 "Registration Trial"** means, with respect to a Product, a Clinical Trial that is expected to provide data necessary for the preparation and submission of a MAA or BLA to obtain Regulatory Approval of such Product in a country in the Territory as evidenced by (a) GSK's or its Affiliate's designation of such Clinical Trial as a Phase 3 Clinical Trial in the protocol or otherwise as a Clinical Trial on which an MAA or BLA will be based or (b) an agreement or other statement or guidance from the Regulatory Authority in such country that such Clinical Trial is designed to provide data on which an MAA or BLA will be based. For purposes of Article 8, if a Clinical Trial becomes a Registration Trial after the initiation thereof, the applicable milestone event shall be deemed to occur on the first date that GSK receives evidence described in the prior sentence, and in any case, no later than the filing of a MAA or BLA with respect to such Product.

**1.85 "Regulatory Approval"** means any and all approvals, licenses, registrations, permits, certificates, consents, clearances, exemptions, authorizations or pricing and reimbursement approvals from any Regulatory Authority in the indicated jurisdiction required for the Commercialization (which includes manufacturing) of a Product in such jurisdiction for use in the Field.

**1.86 "Regulatory Authority"** means any applicable Governmental Authority involved in granting Regulatory Approval of, or otherwise regulating any aspects of the Development, manufacture or Commercialization of the Product in the Field, including the FDA, the EMA, the European Commission and the MHLW, and in each case including any successor thereto.

**1.87 "Regulatory Materials"** means regulatory applications, submissions, dossiers, notifications, registrations, Regulatory Approvals or other filings made to or with, or other approvals granted by, a Regulatory Authority that are necessary or reasonably useful to Develop, manufacture or Commercialize a Product in the Field in a particular country or regulatory jurisdiction. Regulatory Materials include INDs, MAAs, and BLAs.

**1.88 "Related Party"** shall mean GSK and its Affiliates and their respective Sublicensees (and such Sublicensees' Affiliates) of one or more Products.

**1.89 “Right of Reference”** shall have the meaning set forth in 21 C.F.R. §314.3(b) or equivalents thereto under Applicable Law in countries or jurisdictions outside the U.S.

**1.90 “SEC”** means the U.S. Securities and Exchange Commission.

**1.91 “[\*]”** means the period beginning on the Effective Date and ending upon [\*] after the Effective Date or termination of this Agreement. For clarity, it is understood that GSK will have the right to nominate CAR-T Targets under Section 3.3(b) only during the first [\*] after the Effective Date, subject to extension pursuant to Section 3.3(b).

**1.92 “Senior Executives”** means, in the case of GSK, [\*], and in the case of Lyell, [\*].

**1.93 “[\*]”** means the patient follow-up visit targeted to occur between [\*] and [\*] after dosing of a patient. For any Clinical Trial with a Product conducted by GSK or a Related Party that may lead to achievement of Academic PoC, Proof of Biology or Proof of Clinical Concept, GSK or the Related Party shall include in the protocol for such Clinical Trial such a [\*].

**1.94 “Sublicensee”** means any Third Party to whom GSK or its Affiliates have granted a license or sublicense to Develop, manufacture or Commercialize the Product(s).

**1.95 “Surviving Program”** means a Collaboration Program for which GSK retains the license set forth in Section 7.1, as described in Section 13.6(b)(i)(1) or Section 13.6(b)(i)(2).

**1.96 “T-Cell”** means a T-lymphocyte that expresses an endogenous  $\alpha\beta$  or  $\gamma\delta$  TCR or exhibits the functional characteristics of an  $\alpha\beta$  or  $\gamma\delta$  T-cell.

**1.97 “T-Cell Exhaustion”** means dysfunction of a T-Cell characterized by changes in metabolic function, transcriptional programming, loss or reduction of effector function (such as killing capacity or cytokine secretion), co-expression of one or more inhibiting receptors, reduced expression of activator elements or other changes from its normal activated state. Such dysfunction may include diminished killing capacity, proliferation, differentiation, persistence or other adverse effects on the normal function or activity of T-Cells of any type.

**1.98 “T-Cell Therapy”** means a CAR T-Cell Therapy or a TCR T-Cell Therapy.

**1.99 “Target”** means (a) in the case of a CAR, all epitopes encoded by a single gene, presented as part of a cell surface-expressed protein or expressed intracellularly and subsequently presented as part of a MHC-peptide complex on the cell surface, identified in GenBank by an NCBI reference sequence accession number, including any fragments thereof that preserve the utility of the full length protein as a target (“**Fragments**”), and any isoforms, mutants, polymorphisms and post translational modifications thereof, in each case expressed by such gene; and (b) in the case of a TCR (i) all peptides [\*] that can be recognized and bound by a TCR, and are derived from a protein encoded by a single gene identified in GenBank by an NCBI reference sequence accession number, including any Fragments, isoforms, mutants, polymorphisms and post translational modifications thereof, in each case expressed by such gene or (ii) all peptides [\*] that can be recognized and bound by a TCR, and are derived from a polypeptide expressed by a defined open reading frame. In the case of a TCR, the Target shall not be specific to a designated human leukocyte antigen (HLA) allele. In the case of a CAR or TCR, [\*], any Lyell TCR or Lyell CAR

shall not bind a peptide with the same sequence as any peptide also present in a protein or Fragments thereof encoded by a gene described in clause (a) or (b) above that is a Collaboration Target; *provided* such TCR or CAR shall nonetheless not be deemed directed to such Collaboration Target (and the above restriction shall not apply) if Lyell demonstrates in an established functional T-Cell assay that such TCR or CAR does not have meaningful specific activity against proteins encoded by a gene described in clause (a) and (b) above that is significantly greater than negative control against such peptide. Any dispute as to whether a particular TCR or CAR is directed to a Collaboration Target shall be resolved by the JSC (i.e., shall be decided by the JSC, subject to resolution pursuant to Section 2.1(d) and Section 16.3).

**1.100** “**TCR**” means a T-Cell receptor, with  $\alpha$ ,  $\beta$ ,  $\gamma$ , and/or  $\delta$  domains, that binds a peptide or lipid ligand on the surface of a tumor cell, an antigen-presenting cell or other cell, and is not a CAR. A TCR may be naturally-occurring, recombinant or otherwise modified.

**1.101** “**TCR Collaboration Target**” means the [\*] Initial Collaboration Target and any Collaboration Target added as an Additional Target in accordance with Section 3.3(c), in each case for which a TCR T-Cell Therapy will be developed hereunder.

**1.102** “**TCR T-Cell Therapy**” means a therapy comprising a T-Cell, whether or not autologous, that has been genetically modified *ex vivo* to express a modified TCR directed to an antigen.

**1.103** “**TCR Program**” means a Lyell Development Program and associated GSK Program for a TCR Collaboration Target.

**1.104** “**Territory**” means (a) with respect to Active GSK Programs, all countries of the world and (b) with respect to Collaboration Programs that are not Active GSK Programs, all countries of the world excluding China.

**1.105** “**Third Party**” means any Person other than Lyell or GSK or an Affiliate of either of Lyell or GSK.

**1.106** “**U.S.**” means the United States of America and its territories, districts and possessions.

**1.107** “**Valid Claim**” means, with respect to a particular country, either: (a) a claim in an issued and unexpired Patent in such country that has not (i) expired, lapsed, been cancelled or abandoned, (ii) been disclaimed, revoked, held unenforceable, unpatentable or invalid by a decision of a court or other Governmental Authority of competent jurisdiction in an order or decision which is unappealable or unappealed within the time allowed for appeal, (iii) been finally rejected by an administrative agency in an action that is unappealable or unappealed within the time allowed for appeal, or (iv) been admitted to be invalid or unenforceable through re-examination, re-issue, disclaimer or otherwise, or lost in an interference proceeding; or (b) a bona fide claim of a pending Patent application, and, which has not been (A) cancelled, withdrawn or abandoned without being refiled in another application in the applicable jurisdiction or (B) finally rejected by an administrative agency action from which no appeal can be taken or that has not been appealed within the time allowed for appeal; *provided*, that any claim in any Patent application pending for more than [\*] from the earliest date on which such Patent application claims priority shall not be considered a Valid Claim for purposes of the Agreement from and after such [\*] date unless and until a Patent containing such claim issues from such Patent application.



**1.108** Additional Definitions. Each of the following definitions shall have the meanings defined in the corresponding sections of this Agreement indicated below:

<u>Definitions</u>	<u>Section</u>	<u>Definitions</u>	<u>Section</u>
[*]	8.3(a)	Engineered T-Cells	1.27
Acquired Party	17.8(f)	Excluded Targets	3.3(d)
Acquirer	17.8(f)	[*]	11.2
Acquirer Technology	17.8(a)	Execution Date	Preamble
Active GSK Program	3.3(e)	Exercise Period	3.1(b)(i)
Active GSK Program Criteria	3.3(e)	Expert	16.2(a)
Active Lyell Program Notice	3.3(e)	force majeure	17.4
Additional Construct	3.9	Fragments	1.99
Additional Construct Data Package	3.9(b)	FTC	17.16(a)
Additional Construct Opt In	3.9(c)	[*]	Preamble
Additional Construct Opt-In Period	3.9(c)	GSK	Preamble
Additional Development Activities	3.9	GSK Claims	15.1
Additional Target	3.3(b)(i)	GSK Damages	15.1
	3.3(c)	GSK Development Program	3.1(c)
Agreement	Preamble	GSK Indemnitees	15.1
Alliance Manager	2.4	GSK Manufacturing Improvements	7.4(b)(iv)
Annual Net Sales	8.4(a)	[*]	6.2(b)
Approved Clinical Trial	3.1(e)	[*]	17.10(b)
Bankrupt Party	17.3(a)	HSR Act	17.16(a)
Base Royalty Rate	8.5(a)	HSR Clearance Date	17.16(a)
Breach Termination	13.6(b)(i)	IFRS	1.71
Business Combination Transaction	1.18(b)	Improved Anti-Exhaustion Components	7.4(b)(iii)
Capture Period	6.3	Improved Construct	3.9
[*]	8.3(a)	Indemnified Party	15.3
Claim	15.3	Indemnifying Party	15.3
Collaboration Anti-Exhaustion Components	3.1(a)(v)	Infringement	9.4(a)
Collaboration Deliverables	3.1(a)(v)	Infringement Action	9.4(b)
Competitor Acquisition Termination	13.6(b)(i)		
Component Transfer Point	3.1(a)(ii)		
Disclosing Party	12.1		
DOJ	17.16(a)		

<u>Definitions</u>	<u>Section</u>	<u>Definitions</u>	<u>Section</u>
Initial Collaboration Targets	3.3(a)	[*]	8.3(a)
Initiate	8.3(c)	Option	3.1(b)(i)
Initiation	8.3(c)	Option Exercise	3.1(b)(i)
Insolvency Event	13.4	Other Lyell Patents	9.3(b)
Internal Revenue Code	8.6	Outstanding Common Stock	1.18(a)
JAMS	16.2	Outstanding Voting Securities	1.18(a)
Joint Inventions	9.1	Parties	Preamble
Joint Steering Committee	2.1(a)	Party	Preamble
JSC	2.1(a)	Patent Challenge	9.6(a)
Lyell	Preamble	Patent Contact	9.8
Lyell Advanced CAR-T Target	3.3(b)(ii)	Patent Exclusivity Term	8.5(e)
Lyell Claims	15.2	Pharmacovigilance Agreement	4.1(d)
Lyell Component Development Program	3.1(a)(ii)	Product	3.9(c)(i)
Lyell Damages	15.2	Product Marks	10.1
Lyell Development Program	3.1(a)(ii)	Product Specific Infringement Action	9.4(b)
Lyell Indemnities	15.2	Program Diligence Information	3.1(b)(i)
Lyell License Milestone Cap	8.5(b)	Program Option Trigger	3.1(b)(i)
Lyell Licensor	7.7(a)	Proposed Additional Construct	3.9(b)
Lyell Manufacturing Improvements	6.3	Prosecute	9.2(b)
Lyell PoC Development Program	3.1(a)(i)	Prosecution	9.2(b)
market	8.5(c)	Publication	12.4(a)
Materials	3.6	Receiving Party	12.1
Maximum Cost Amount	3.4	Regulatory Exclusivity Term	8.5(e)
Milestone Offset Amount	8.5(b)	[*]	8.3(a)
Modified [*] CAR T-Cell Therapy	3.1(a)(i)(2)	Royalty Term	8.5(e)
Modified TCR	7.4(a)(iii)	Rules	16.2
Monospecific Notice	3.1(a)(i)(3)	Segregated Technology	17.8(b)
Monospecific Target	3.1(a)(i)(3)	Sole Inventions	9.1
[*]	3.1(a)(i)(1)	Specified Person	1.18(a)
New Construct	3.9	Stacking Percentage	8.5(b)
New Construct License Agreement	3.9(b)	Subcontract	3.8
New Construct Third Party Technology	3.9(b)	Subcontractor	3.8
		Substitution Notice	3.1(a)(i)(1)
		Substitution Target	3.1(a)(i)(1)
		Success Criteria	3.9(a)
		Target Nomination Notice	3.3(b)(i)
		Target Nomination Response Notice	3.3(b)(i)

<u>Definitions</u>	<u>Section</u>
Target Nomination Response Period	3.3(b)(i)
Target Rejection Prohibition	3.3(b)(i)
Target Selection Notice	3.3(c)
Technology Transfer Requirements	3.1(d)
Term	13.1
Terminated Compounds	13.6(a)(i)
Terminated Products	13.6(a)(i)
Terminated Program	13.6(a)(i)
Terminated Target	13.6(a)(i)
Termination Notice	13.3(a)
Title 11	17.3(a)
Transfer Record	3.6
Unmodified [*] CAR T-Cell Therapy	3.1(a)(i)(2)
Waiver Terms	8.7(b)

## 2. GOVERNANCE

### 2.1 Joint Steering Committee.

(a) **Establishment and Membership of JSC.** Within [\*] following the Effective Date, the Parties will establish a joint steering committee with the roles set forth in Section 2.1(c) (the “**Joint Steering Committee**” or “**JSC**”). Each Party will appoint [\*], with one (1) representative of each Party serving as co-chairs (who shall be [\*]). Each Party shall ensure that the JSC representatives appointed by it have the appropriate level of seniority and decision-making authority corresponding with the responsibilities of the JSC and the appropriate expertise and practical experience corresponding with the responsibilities of the JSC. The JSC may change its size from time to time by mutual consent of its members, *provided* that the JSC will consist at all times of an equal number of representatives of each of Lyell and GSK. The JSC membership and procedures are further described in this Section 2.1. Each Party may at any time appoint different JSC representatives by written notice to the other Party. Additional representatives from each Party may attend the JSC as *ad hoc* attendees, upon, with respect to non-employees only, written request to, and approval from, the other Party, such approval not to be unreasonably withheld, conditioned or delayed.

(b) **Membership of JSC.** Each of Lyell and GSK and will designate representatives with appropriate expertise to serve as members of the JSC. Each of Lyell and GSK will select from their representatives a co-chairperson for the JSC, and each Party may change its designated co-chairperson from time to time upon written notice to the other Party. The co-chairpersons of the JSC, with assistance and guidance from the Alliance Managers, will be responsible for calling meetings and preparing and circulating an agenda in advance of each meeting, *provided* that the co-chairpersons will call a meeting of the JSC promptly upon the reasonable written request of either co-chairperson to convene such a meeting.

(c) **Role of JSC.** The JSC will (i) be a forum for the exchange and discussion of, and the Parties agree that through the JSC (or its designees) they shall exchange and discuss, information related to the progress under and plans for the conduct of each Party’s activities under this Agreement, including which Anti-Exhaustion Components within the Lyell Anti-Exhaustion Technology will be generated in connection with each Lyell Development Program and transparency into the innovations and data resulting from Clinical Trials and other scientific testing related to any Lyell Anti-Exhaustion Technology or other related intellectual property rights developed by or on behalf of a Party or its Affiliates under this Agreement or licensed under any of the Lyell License Agreements, (ii) decide the Success Criteria for Additional Constructs for Additional Development Activities and decide whether such Success Criteria have been met as described in Section 3.9, (iii) decide whether an actual or potential Collaboration Program is or would be an Active GSK Program as described in Section 3.3(e), (iv) regularly review and discuss (including concerns a Party may have about) Targets to potentially be added as Collaboration Targets, (v) be a forum for the Parties to discuss, and the Parties agree that through the JSC (or its designees) they shall discuss, opportunities for the Parties to collaborate with respect to CAR T-Cell Therapies beyond the activities under this Agreement, including, during the [\*] (or such longer term during which Lyell is conducting: (x) Additional Development Activities with respect to any Collaboration Program, or (y) any Lyell Development Program), with respect to the current progress of development and application of Lyell Technology and technology Controlled by GSK

(or its Affiliates) related to [\*] that may benefit the Collaboration Programs and the Parties' activities [\*], (vi) evaluate, and the Parties agree that through the JSC (or its designees) they shall disclose, any general progress of Lyell Anti-Exhaustion Technology and, insofar as it is related to a Collaboration Program, GSK's or its Affiliates' TCR and CAR technology and improvements of either of the foregoing, (vii) agree on any changes to **Exhibit 1.2** for the information to be provided in an Academic PoC Data Package for a particular Lyell PoC Development Program (which shall not be subject to resolution pursuant to Section 16.3), and (viii) make such other decisions and perform such other duties as are specifically assigned to the JSC in this Agreement.

(d) **Decisions.** Unless otherwise stated in this Agreement, decisions of the JSC shall be by consensus, with each Party having a single vote on the matter to be decided regardless of the number of JSC members for each Party. A quorum for decision-making is agreed to be a minimum of one member from each Party. If the JSC is unable to reach the applicable consensus with respect to any such matter for which it is to make a decision under Sections 2.1(c)(ii) or (iii) (or other JSC decisions indicated to be subject to resolution pursuant to Section 2.1(d)), then either Party may, by providing written notice to the other Party, have such matter referred to the Senior Executives who shall meet promptly and negotiate in good faith to resolve the deadlock. If, despite such good faith efforts, the Senior Executives are unable to resolve such deadlock within [\*] of such matter having been referred to them, then such matter (and other JSC decisions indicated to be subject to resolution pursuant to Section 16.3) will be determined in accordance with Section 16.3 and such determination shall become the decision of the JSC. Unless otherwise expressly indicated, a matter for which the JSC must "agree" (as opposed to decide) shall not be subject to resolution by the Senior Executive discussions or by baseball arbitration pursuant to Section 16.3.

(e) **JSC Meetings.** The JSC will meet as frequently as both Parties agree is appropriate, but not less than [\*] until [\*] and thereafter at least [\*] unless the Parties agree otherwise. The meetings of the JSC need not be in person and may be by telephone or any other method reasonably determined by the JSC. Each Party will bear its own costs associated with attending such meetings. Minutes will be kept of all JSC meetings and will reflect material decisions made at such meetings. Meeting minutes will be prepared by the Alliance Managers of the Parties on a rotating basis and sent to each member of the JSC for review and approval promptly following each meeting. Minutes will be deemed approved unless a member of the JSC objects to the accuracy of such minutes within [\*] of receipt.

**2.2 Discontinuation of JSC.** With respect to each Collaboration Program, the JSC shall continue to exist until the first to occur of: (a) the Parties mutually agreeing to disband the JSC; (b) Lyell providing to GSK written notice of its intention to disband and no longer participate in such JSC, *provided* that Lyell shall not give such notice prior to the end of the applicable Lyell Development Program for such Collaboration Program, or if later, prior to or during any Additional Development Activities for such Collaboration Program; and (c) filing for Regulatory Approval of the first Product or Compound arising under the applicable Collaboration Program. Notwithstanding anything herein to the contrary, once the JSC has been disbanded for a Collaboration Program, the JSC shall be terminated with respect to such Collaboration Program and thereafter (i) any requirement of a Party to provide Information or other materials to the JSC with respect to such Collaboration Program shall be deemed a requirement to provide such Information or other materials to the other Party via the Alliance Managers, and (ii) any matters

previously delegated to the JSC for such Collaboration Program shall be resolved by mutual agreement of the Parties, or, if the Parties do not reach mutual agreement, in accordance with the decision making provisions of Sections 2.1(d). Without limiting the foregoing, upon reasonable request by Lyell after the disbanding of the JSC for a Collaboration Program [\*] under such Collaboration Program, but not more often than [\*] or as otherwise mutually agreed by the Parties, the Parties shall meet to discuss such ongoing Development efforts by GSK or its Affiliates with respect to such Collaboration Program, so that Lyell remains reasonably informed as to the status, progress and plans for Development of the Compounds and Products under this Agreement.

**2.3 Limitations on Authority of the JSC.** Except as otherwise provided in this Agreement, the JSC will have solely the roles and responsibilities assigned to it in this Article 2. The JSC will have no authority to amend, modify or waive compliance with this Agreement or make any decision other than those specifically assigned under this Agreement to be made by the JSC. The JSC shall not have the authority to alter, or waive compliance by a Party with, a Party's obligations under this Agreement. For clarity, the JSC shall not have decision-making authority with respect to the conduct of GSK Programs or Lyell Development Programs.

**2.4 Alliance Managers.** Each of the Parties will appoint one representative who possesses a general understanding of Development issues to act as its alliance manager (each, an "**Alliance Manager**"). The role of the Alliance Manager is to act as a primary point of contact between the Parties to assure a successful relationship between the Parties. The Alliance Managers will attend all meetings of the JSC and support the co-chairpersons of the JSC in the discharge of their responsibilities. Each Party may change its designated Alliance Manager from time to time upon written notice to the other Party. Any Alliance Manager may designate a substitute to temporarily perform the functions of such Alliance Manager upon written notice to the other Party's Alliance Manager. Each Alliance Manager also will:

- (a) be the point of first notice and contact in all matters of conflict resolution and assisting with any escalation of disputes in accordance with Section 2.1(d);
- (b) provide a single point of communication both internally within the Parties' respective organizations and between the Parties, including during such time as the JSC is no longer constituted;
- (c) plan and coordinate any cooperative efforts under this Agreement, if any, and internal and external communications; and
- (d) take responsibility for ensuring that JSC activities, such as the conduct of required JSC meetings, occur as set forth in this Agreement and that relevant action items, if any, resulting from such meetings are appropriately carried out or otherwise addressed.

### 3. RESEARCH AND DEVELOPMENT PROGRAMS

#### 3.1 Development Programs.

##### (a) Lyell Development Programs.

(i) **Lyell PoC Development Programs.** For each Collaboration Target (other than for Targets developed under a Lyell Component Development Program), Lyell will use Commercially Reasonable Efforts to (A) carry out a research program to generate a T-Cell Therapy for such Collaboration Target incorporating one or more Anti-Exhaustion Components comprising Lyell Anti-Exhaustion Technology and (B) conduct preclinical and clinical Development for such T-Cell Therapy through completion of Academic PoC (each, a “**Lyell PoC Development Program**”). After completion of Academic PoC for a Lyell PoC Development Program, Lyell shall deliver to GSK the Academic PoC Data Package for such Lyell PoC Development Program, which Academic PoC Data Package GSK will evaluate in good faith as part of its determination whether to exercise the Option pursuant to Section 3.1(b)(i).

(1) **[\*] Product.** The Parties agree that, subject to Sections 3.1(a)(i)(2) and 3.1(a)(i)(3), [\*] will continue as an Initial Collaboration Target and the subject of a Lyell PoC Development Program only in the event all of the following criteria are met (or waived by GSK in its sole discretion): (A) Lyell obtains an exclusive (subject to customary retention of rights), sublicensable license from [\*] to the [\*] for the [\*]; (B) Lyell secures rights from [\*] for GSK to use, access or reference, as necessary, any clinical data collected from the Clinical Trial titled [\*] conducted by [\*], Regulatory Materials submitted to the FDA with respect to such Clinical Trial, written correspondence between [\*] and the FDA with respect to such Clinical Trial and proprietary reagents [\*] created for production of the CAR T-Cell Therapy directed to [\*] Initial Collaboration Target use in such Clinical Trial; and (C) with respect to any licenses required to meet the criteria in (A) and (B), such licenses shall include terms and conditions customary to the parties (including Lyell) to such licenses for the intellectual property or materials being provided. At such time as all of the foregoing criteria are met (and any dispute as to whether such criteria have been met shall be decided by the JSC (subject to resolution pursuant to Section 2.1(d) and Section 16.3)), or waived by GSK in its sole discretion, [\*] will continue as an Initial Collaboration Target and the subject of a Lyell PoC Development Program. Subject to Sections 3.1(a)(i)(2) and 3.1(a)(i)(3), in the event (I) Lyell has not received, on or before [\*] following the Effective Date, approval from the [\*] to proceed with negotiations of the license described in clause (A) after the [\*] has published the applicable notice in the Federal Register (which approval shall be deemed received if [\*] proceeds to negotiate the specific terms of such license after such notice is published in the Federal Register), or (II) the criteria in clause (A) and (B) above are not met on or before achievement of Academic PoC for the [\*] Product, then GSK is entitled to elect (and any dispute as to whether such criteria in clause (II) have been met shall be decided by the JSC (subject to resolution pursuant to Section 2.1(d) and Section 16.3)), effective immediately upon notice from GSK to Lyell (“**Substitution Notice**”), that the Substitution Target shall replace [\*] as an Initial Collaboration Target, immediately following which, Lyell’s right to replace [\*] as an Initial Collaboration Target with the Monospecific Target under Section 3.1(a)(i)(3) shall terminate and all references in this Agreement to [\*] (other than references thereto as set forth in Section 3.1(a)(i)(2) with respect to the Unmodified [\*] CAR T-Cell Therapy and the Modified [\*] CAR T-Cell Therapy, references

in the Academic PoC and Proof of Clinical Concept definitions, Section 3.1 (a)(i)(3), and Section 3.3(g) with respect to bispecifics and multispecifics) are hereby amended to refer to the Substitution Target. In the event GSK provides the Substitution Notice as a result of clause (I) above, such notice must be provided within [\*] after expiration of the [\*] period referenced in clause (I). For clarity, Lyell would not be obligated to provide GSK with any freedom to operate licenses for the [\*] beyond what is provided in the first sentence of this Section 3.1(a)(i)(1). “**Substitution Target**” means the [\*] Target (or another Target selected by GSK and approved by Lyell) which, notwithstanding that the [\*] Target is an Excluded Target as of the Execution Date, Lyell will reserve for GSK and not grant any Third Party any rights in the [\*] Target prior to the earlier of (w) the criteria provided in the first sentence of this Section 3.1(a)(i) becoming met (or waived by GSK in its sole discretion) such that [\*] will continue as an Initial Collaboration Target, (x) GSK’s right to replace the [\*] Initial Collaboration Target with the Substitution Target ceasing as described in Sections 3.1(a)(i)(2) and 3.1(a)(i)(3), (y) an alternative to the [\*] Target is selected as the Substitution Target, or (z) expiration of [\*] after the Effective Date. Lyell shall have the right to add an additional Target to the Excluded Target list to replace the Substitution Target after GSK’s delivery of the Substitution Notice.

(2) **Unmodified [\*] Product.** Unless and until GSK elects to replace the [\*] Initial Collaboration Target with the Substitution Target under Section 3.1(a)(i)(1), Lyell will use Commercially Reasonable Efforts to advance through completion of Academic PoC a CAR T-Cell Therapy directed to the [\*] Initial Collaboration Target that has not been modified to incorporate an Anti-Exhaustion Component comprising any Lyell Anti-Exhaustion Technology (the “**Unmodified [\*] CAR T-Cell Therapy**”). Lyell shall include the same type of clinical results with respect to such Unmodified [\*] CAR T-Cell Therapy in its Academic PoC Data Package as it provides for the CAR T-Cell Therapy containing one or more Anti-Exhaustion Components for such same Collaboration Target. For clarity, GSK shall not be obligated to continue the Development of such Unmodified [\*] CAR T-Cell Therapy as part of the GSK Development Program. In the event GSK exercises its Option with respect to [\*], any CAR T-Cell Therapy directed to the [\*] Initial Collaboration Target hereunder shall be treated as one Collaboration Program (*e.g.*, such a CAR T-Cell Therapy shall be a Product) for purposes of payment obligations under Article 8, regardless of whether such CAR T-Cell Therapy is an Unmodified [\*] CAR T-Cell Therapy or is a CAR T-Cell Therapy that is directed to the [\*] Initial Collaboration Target that has been modified to incorporate an Anti-Exhaustion Component comprising any Lyell Anti-Exhaustion Technology (the “**Modified [\*] CAR T-Cell Therapy**”). If GSK exercises its Option with respect to the Unmodified [\*] CAR T-Cell Therapy, then: (A)(I) [\*] will continue as an Initial Collaboration Target and the subject of a Lyell PoC Development Program and (II) GSK’s right to replace the [\*] Initial Collaboration Target with the Substitution Target in accordance with Section 3.1(a)(i)(1) shall cease; in each case as of the date of such Option Exercise, and (B) the Parties shall review the Academic PoC Data Package for the Unmodified [\*] CAR T-Cell Therapy together with related information and data for the Modified [\*] CAR-T Cell Therapy provided by Lyell. GSK shall review such data in good faith, and, if Lyell has not already Initiated a Clinical Trial with respect to the Modified [\*] CAR T-Cell Therapy, shall notify Lyell in writing specifically referencing this Section 3.1(a)(i)(2) within [\*] after receipt of such combined data if Lyell should Initiate a Clinical Trial with respect to the Modified [\*] CAR T-Cell Therapy (which Initiation of such Clinical Trial would result in [\*]). If GSK does not provide such written notice to Lyell within such [\*] period, then thereafter Lyell shall have no obligation under this Agreement to carry out a research program to generate the Modified [\*] CAR-T Cell Therapy, conduct



preclinical or clinical development for the Modified [\*] CAR-T Cell Therapy (including through Initiation of a Clinical Trial therefor) or deliver to GSK any Collaboration Anti-Exhaustion Components or Collaboration Deliverables with respect to the Modified [\*] CAR-T Cell Therapy.

(3) **[\*] Monospecific Target Election.** Unless and until GSK elects to replace the [\*] Initial Collaboration Target with the Substitution Target in accordance with Section 3.1(a)(i)(1), upon written notice to GSK (the “**Monospecific Notice**”), Lyell may elect to convert the [\*] Initial Collaboration Target into an Initial Collaboration Target comprised solely of [\*] (i.e., the Collaboration Program for such Initial Collaboration Target would be directed solely to [\*] as a monospecific Collaboration Program and not directed to [\*] in combination as a bispecific Collaboration Program); *provided* that prior to such conversion, the JSC will review and discuss in good faith the relevant data Controlled by Lyell that Lyell reasonably believes support such conversion described under this Section 3.1(a)(i)(3); and *provided further* that such election to convert to a monospecific Collaboration Program following such review and discussion is subject to the final determination of Lyell (without a requirement to escalate to Senior Executives under Section 16.1(b)). Effective upon the date of the Monospecific Notice: (A) the Monospecific Target shall replace [\*] as an Initial Collaboration Target, (B) Lyell’s obligations with respect to the Unmodified [\*] CAR-T Cell Therapy and the Modified [\*] CAR-T Cell Therapy are terminated, (C) GSK’s right to replace the [\*] Initial Collaboration Target with the Substitution Target in accordance with Section 3.1(a)(i)(1) is terminated, (D) Sections 3.1(a)(i)(1), 3.1(a)(i)(2) and 3.1(b)(ii)(1) and the final sentence of 3.1(b)(iii), shall be of no further force or effect (other than with respect to the definitions set forth therein), and (E) all references in this Agreement to [\*] (other than the references thereto in the Unmodified [\*] CAR T-Cell Therapy and Modified [\*] CAR-T Cell Therapy definitions, in this Section 3.1(a)(i)(3), in Section 3.3(g) with respect to bispecifics and multispecifics, and in the description of [\*]) are hereby amended to refer solely to the Monospecific Target. “**Monospecific Target**” means [\*], as selected by Lyell in the Monospecific Notice to replace [\*] as an Initial Collaboration Target under this Section 3.1(a)(i)(3).

(ii) **Lyell Component Development Program.** For each Collaboration Target for an Active GSK Program, or any Collaboration Target that is the subject of a Lyell Component Development Program pursuant to Section 3.1(a)(iii), Lyell will use Commercially Reasonable Efforts to carry out a research program to generate one or more Anti-Exhaustion Components comprising Lyell Anti-Exhaustion Technology for use in a T-Cell Therapy for the applicable Collaboration Target and conduct preclinical Development on such Anti-Exhaustion Components until such time as the JSC decides (subject to resolution pursuant to Section 2.1(d) and Section 16.3) such Anti-Exhaustion Components are ready for transfer to GSK (such time the “**Component Transfer Point**”); *provided* that such transfer shall in any event occur prior to initiation of IND Enabling Studies of a T-Cell Therapy incorporating such Anti-Exhaustion Component for such Collaboration Target (each, a “**Lyell Component Development Program**,” and each Lyell Component Development Program and Lyell PoC Development Program, a “**Lyell Development Program**”). Promptly following the Component Transfer Point, Lyell shall deliver to GSK the Collaboration Component Data Package.

(iii) **TCR Programs that are not Active GSK Programs.** For any TCR Program that is not an Active GSK Program, Lyell and GSK shall have the right to approach the JSC to propose selection by GSK of a TCR Target within Lyell’s pipeline. If the JSC agrees to

include such TCR Target as a Collaboration Program, it will also determine whether such Collaboration Program will be a Lyell Component Development Program or a Lyell PoC Development Program; *provided* that any dispute with respect to the foregoing shall be decided in accordance with Section 2.1(d), except that a failure by the Senior Executives to reach agreement hereunder shall not be eligible for escalation to arbitration if the Senior Executives are unable to reach an agreement. In the event no agreement is reached with respect to any such TCR Program, such TCR Program will not be included as a Collaboration Program hereunder.

(iv) **Cessation for Safety or Infeasibility.** Lyell has the right to terminate activities with respect to a Lyell Development Program if it determines in good faith that, despite having used Commercially Reasonable Efforts to do so, it is unable to Develop any safe and effective Anti-Exhaustion Components, or with respect to a Lyell PoC Development Program, that the initiation or continuation of a Clinical Trial under such Collaboration Program would impose unacceptable risk for patient safety, in each case by providing GSK written notice thereof. If GSK disagrees with Lyell's determination, it shall provide Lyell written notice thereof within [\*] of receipt of Lyell's notice and thereafter the JSC shall decide (subject to resolution pursuant to Section 2.1(d) and Section 16.1) whether such Lyell Development Program shall be terminated (and the conduct of such Collaboration Program will be suspended pending such determination); *provided* that a failure by the Senior Executives to reach agreement hereunder shall not be eligible for escalation to arbitration if the Senior Executives are unable to reach an agreement. Subject to Section 3.3(b), if (A) GSK agrees (or does not provide notice of disagreement as described above), (B) the JSC so determines or (C) the Senior Executives are unable to reach an agreement on whether the Collaboration Program should terminate, then the Collaboration Program shall be deemed terminated, and upon such termination, the Collaboration Target for such terminated Lyell Development Program shall be deemed a Terminated Target but subject further to the [\*] Target Rejection Prohibition described under Section 3.3(b).

(v) **Delivery of Collaboration Deliverable.** Within [\*] after completion of each Lyell Development Program (i.e., delivery of the Academic PoC Data Package for a Lyell PoC Development Program or the Component Transfer Point for a Lyell Component Development Program) Lyell shall deliver to GSK the Anti-Exhaustion Components incorporated into or used for the T-Cell Therapy for which Academic PoC was completed or, for Lyell Component Development Programs, the Anti-Exhaustion Components the JSC decides (subject to resolution pursuant to Section 2.1(d) and Section 16.3) are ready to be transferred to GSK as of the Component Transfer Point (such Anti-Exhaustion Components for a Lyell Development Program, the "**Collaboration Anti-Exhaustion Components**"). For each Lyell Development Program, delivery of a Collaboration Anti-Exhaustion Component shall mean: (A) in the case of a Collaboration Anti-Exhaustion Component that is an intrinsic component of a T-Cell, CAR or TCR for the applicable T-Cell Therapy, delivery of a plasmid containing DNA coding for such Collaboration Anti-Exhaustion Component or (B) in the case of other Collaboration Anti-Exhaustion Components, delivery of a protocol describing both the Collaboration Anti-Exhaustion Component and the materials used therein (such deliverables, collectively, the "**Collaboration Deliverables**"). For clarity, beyond providing the Collaboration Deliverables, the assistance described in Sections 3.1(c) and 3.1(d), and in the case of a Lyell PoC Development Program, the applicable Lyell Manufacturing Technology pursuant to Section 6.2(a), unless otherwise mutually agreed by the Parties, Lyell shall not be responsible for providing further support for the related GSK Development Programs, for example by developing a master cell bank or a GMP manufacturing process for Compounds or Products, providing GSK with ongoing supply of Anti-Exhaustion Components or Compounds or other ongoing support for the related GSK Development Program.

(b) **Collaboration Program Option.**

(i) **Option Trigger and Exercise.** For each Collaboration Program, upon (A) for a Lyell PoC Development Program, delivery by Lyell to GSK of the Academic PoC Data Package and the corresponding Collaboration Deliverable, or (B) for a Lyell Component Development Program, delivery by Lyell to GSK of the Collaboration Component Data Package and corresponding Collaboration Deliverable (in each instance, the “**Program Option Trigger**”), GSK shall have the exclusive option during the Exercise Period to obtain the license provided in Section 7.1(a) for such Collaboration Program in accordance with and subject to this Agreement (the “**Option**”). To exercise such Option (the “**Option Exercise**”) for a Collaboration Program, GSK shall provide written notice indicating such exercise (which notice date also shall be the effective date of such Option Exercise, unless deferred until the HSR Clearance Date, if applicable, under Section 17.16(b)) to Lyell during the period commencing on the Program Option Trigger for such Collaboration Program and ending (A) [\*] thereafter for Lyell Component Development Programs and (B) [\*] thereafter for Lyell PoC Development Programs (for each such Lyell Development Program, the “**Exercise Period**”); *provided, however*, that prior to GSK’s Option Exercise for the applicable Collaboration Program, during the Exercise Period Lyell shall (x) use Commercially Reasonable Efforts to disclose to GSK, or make available to GSK by granting to GSK designated personnel access to a virtual data room, the further Information (in addition to that required under the Academic PoC Data Package) described in **Exhibit 3.1(b)** (the “**Program Diligence Information**”) within [\*] after the effective date of the Program Option Trigger, and (y) as reasonably requested by GSK, provide GSK with reasonable consultation and assistance to the extent necessary or reasonably useful for GSK to understand and conduct diligence on the Academic PoC Data Package, Collaboration Component Data Package, Collaboration Deliverable and other Program Diligence Information, each as applicable and in a manner and on such timelines to enable GSK to make an informed decision in respect of each Option hereunder. If GSK reasonably determines it needs additional time to make an informed decision as a result of the timing of Lyell providing the Program Diligence Information, GSK may extend the Exercise Period for a Lyell Development Program [\*] by up to [\*] upon written notice to Lyell prior to the expiration of the Exercise Period (i.e., in no event will the Exercise Period extend beyond [\*] after the Program Option Trigger for Lyell Component Development Programs and [\*] after the Program Option Trigger for Lyell PoC Development Programs).

(ii) **[\*] Milestone Payment.** In the event GSK has exercised its Option pursuant to Section 3.1(b)(i) with respect to a Lyell PoC Development Program, [\*] for such Lyell PoC Development Program will be deemed to have been achieved. In the event GSK has exercised its Option pursuant to Section 3.1(b)(i) with respect to a Lyell Component Development Program, [\*] for such Lyell Component Development Program will be deemed to have been achieved upon Advancement of Program by or under the authority of GSK for a Product (which shall not be required to be for a Prevalent Solid Tumor) under such Collaboration Program. Upon achievement of [\*], Lyell will submit an invoice to GSK for the [\*] Milestone Payment, which milestone will be payable in accordance with Section 8.3 (but subject to deferral until the HSR Clearance Date, if applicable, under Section 17.16(b)).

(1) **Unmodified [\*] Product.** For clarity, in the event GSK exercises its Option with respect to the Unmodified [\*] CAR T-Cell Therapy, (A) any achievement of a milestone under Section 8.3 by the Modified CAR T-Cell Therapy shall not require payment of the corresponding milestone payment if such milestone payment was previously paid to Lyell as a result of achievement with respect to the Unmodified [\*] CAR T-Cell Therapy, and (B) the Anti-Exhaustion Component(s) used by Lyell in the CAR T-Cell Therapy for a Clinical Trial for which GSK has [\*] (i.e., the Clinical Trial GSK informed Lyell it should initiate pursuant to Section 3.1(a)(i)(2) or other Clinical Trial Initiated by Lyell under the [\*] Collaboration Program prior to such exercise) shall be considered a Collaboration Anti Exhaustion Component without the need for subsequent achievement of [\*] for the Modified [\*] CAR T-Cell Therapy or exercise by GSK of an Option therefor (i.e., there is not a new Program Option Trigger, Option or [\*] Milestone Payment obligation (to the extent previously paid for the Unmodified [\*] CAR T-Cell Therapy) for the Modified [\*] CAR T-Cell Therapy and such Modified [\*] CAR T-Cell Therapy would not be considered an Additional Target under Section 3.3(b)(i)).

(iii) **Effect of Failure to Exercise Option.** If the Exercise Period for a particular Collaboration Program expires without GSK having exercised the Option for such Collaboration Program in accordance with this Section 3.1(b), then, effective upon such expiration, (A) the Option for such Collaboration Program shall automatically terminate and be of no further force or effect, (B) Lyell shall have no further obligations to GSK with respect to such Collaboration Program, (C) unless otherwise provided in this Agreement, the Collaboration Target for such Collaboration Program shall be deemed a Terminated Target and Section 13.6(a) shall apply with respect thereto and the Collaboration Program, Compounds and Products therefor and (D) GSK shall return to Lyell (or destroy if so requested by Lyell) and make no further use of the Collaboration Anti-Exhaustion Components, Collaboration Deliverables or the Information contained in the Collaboration Component Data Package or [\*] Data Package, as applicable, with respect to such Collaboration Program. For clarity, in the event GSK does not exercise its Option with respect to Unmodified [\*] CAR T-Cell Therapy, it will not lose its right to exercise its Option for the Modified [\*] CAR T-Cell Therapy.

(c) **GSK Development Program.** Subject to Section 3.9, following the Option Exercise for a Collaboration Program, GSK shall have the sole right and responsibility for the Development of Compounds and Products in the Field in the Territory during the Term for the Collaboration Target for such Lyell Development Program at GSK's own cost and expense (each, a "**GSK Development Program**"). GSK shall use Commercially Reasonable Efforts to Develop [\*] in a prompt and expeditious manner. If GSK (or other Related Party) desires to modify a Collaboration Anti-Exhaustion Component provided by Lyell or to Develop or incorporate additional or different Anti-Exhaustion Components within the Lyell Anti-Exhaustion Technology into a Compound or Product (or the production thereof) for the Collaboration Target, GSK shall discuss the same with Lyell, and the Parties shall mutually agree on a plan therefor prior to such modification or incorporation, which plan shall allocate responsibility between the Parties to make such modifications or incorporation based on the particular circumstances of the situation. Any (i) modification to a Collaboration Anti-Exhaustion Component generated or (ii) additional or different Anti-Exhaustion Components incorporated into or used to make a T-Cell Therapy for such Collaboration Program, in each case in accordance with the foregoing, shall be deemed a Collaboration Anti-Exhaustion Component for purposes of Article 8 for such Collaboration Program. If GSK requests Lyell to modify a Collaboration Deliverable to make it applicable for

an additional HLA allele of a TCR Collaboration Target other than the HLA allele that is the subject of the applicable Collaboration Program, then each such additional HLA allele for which Lyell provides such a modified Collaboration Deliverable shall count as a separate TCR Target for purposes of determining how many TCR Targets GSK may elect to add as Collaboration Targets pursuant to Section 3.3(c), *provided* the Products for such different HLA alleles shall be considered as part of the same Collaboration Program as the Product for the original HLA allele and the milestone payments set forth in Sections 8.3 and 8.4 shall be due only one time with respect to such TCR Target regardless of whether achieved by Products within the same Collaboration Program for different HLA alleles. For the avoidance of doubt, GSK has the right, without Lyell's assistance, to use the Collaboration Deliverable for the original HLA allele of a TCR Collaboration Target with as many HLA alleles as it wishes within such Collaboration Target, all of which shall count as the same TCR Target for purposes of determining how many TCR Targets GSK may elect to add as Collaboration Targets pursuant to Section 3.3(c).

(d) **Transfer.** For each Lyell Development Program, promptly after the Option Exercise for such Lyell Development Program, Lyell will disclose to GSK all material data, results and Information within the Lyell Know-How as of such time, to enable the continued Development and Commercialization of Products incorporating or made using the applicable Collaboration Anti-Exhaustion Component(s) to the extent not previously disclosed to GSK prior to Option Exercise, all in accordance with and to the extent set forth in the requirements for technology transfer set forth in **Exhibit 3.1(d)** ("**Technology Transfer Requirements**"). In addition, promptly after the Option Exercise for the applicable Collaboration Program, Lyell shall provide GSK with reasonable consultation and assistance for the purpose of enabling GSK to understand, incorporate and utilize such Collaboration Deliverables in the Development of Products containing or made using such Collaboration Deliverables in the Field, all pursuant to a plan to be mutually agreed on by the Parties (or absent agreement, as decided by the JSC (subject to resolution pursuant to Section 2.1(d) and Section 16.3)).

(e) **Ongoing Studies at Option Exercise.** Notwithstanding Section 3.1(c), Lyell shall continue to conduct (or have conducted) any Clinical Trials of a Compound or Product for a Collaboration Program that are ongoing as of the Option Exercise for such Collaboration Program at Lyell's cost; *provided* that if such Clinical Trial was designed to accomplish more than achievement of **[\*]** and such broader scope was agreed to by GSK or the JSC (an "**Approved Clinical Trial**"), GSK shall reimburse Lyell for its direct costs incurred after the Option Exercise to complete the portion of such Clinical Trial remaining after such Option Exercise, within **[\*]** after receipt of a valid invoice therefore from Lyell. All clinical Information and Clinical Trial reports generated in the conduct of such Clinical Trials will be disclosed to GSK as soon as reasonably practicable, and in no event later than **[\*]** following completion of such Clinical Trials.

**3.2 Initiation and Conduct of Lyell Development Programs.** Lyell shall use Commercially Reasonable Efforts to initiate work on Lyell Development Programs, which are selected by GSK during the **[\*]**, as soon as reasonably practical, but in any event no later than **[\*]** after the corresponding Target has become a Collaboration Target; *provided*, that (a) Lyell shall not be obligated to initiate work on any Lyell Development Program until after the **[\*]**, (b) Lyell shall not be obligated to have more than **[\*]**, and (c) Lyell shall provide GSK, through the JSC, with an outline of activities expected to be undertaken under such Lyell Development Program, the **[\*]** requires GSK approval, and which, if provided, shall be considered agreement by the JSC

that such [\*] should be pursued) and an estimated timeline for completion of such activities and the Lyell Development Program as a whole, which timeline must be mutually agreed by the Parties (or absent such agreement, decided by the JSC (subject to resolution pursuant to Section 2.1(d) and Section 16.3)). Prior to initiation of a Lyell Development Program for a Collaboration Target, GSK shall provide to Lyell the Materials, Information and other items described in **Exhibit 3.2** with respect to such Collaboration Program.

### 3.3 Collaboration Target Selections.

(a) **Designation of Collaboration Targets.** **Exhibit 3.3(a)** identifies the Collaboration Targets as of the Effective Date, including, as applicable, the Substitution Target and Monospecific Target (the “**Initial Collaboration Targets**”).

(b) **Additional CAR-T Target Option.**

(i) The Parties, by mutual written agreement as to the selected Target, shall add [\*] additional CAR-T Target believed to be useful in the Oncology Field as a Collaboration Target during the [\*] after the Effective Date. Subject to the remainder of this Section 3.3(b), during the [\*] after the Effective Date until such a CAR-T Target is added as a Collaboration Target, GSK may nominate [\*] Target (other than any Excluded Target or any Lyell Advanced CAR-T Target) to be added as a CAR-T Collaboration Target by providing written notice thereof to Lyell specifically referencing this Section 3.3(b), together with a written description of such proposed CAR-T Target, its NCBI reference sequence accession number and other items described in **Exhibit 3.3(b)** (a “**Target Nomination Notice**”), which proposed CAR-T Target may be from Lyell’s existing pipeline or GSK’s existing pipeline of CAR-T Targets of interest or a new CAR-T Target for which a new research program would need to be initiated. Each Target Nomination Notice shall not include more than [\*] proposed CAR-T Target and GSK shall not have the right to issue a subsequent Target Nomination Notice until Lyell provides a Target Nomination Response Notice for an outstanding Target Nomination Notice. Within [\*] following Lyell’s receipt of the Target Nomination Notice (“**Target Nomination Response Period**”), Lyell shall notify GSK in writing of its agreement to add such nominated CAR-T Target or rejection of such nominated CAR-T Target as a Collaboration Target (“**Target Nomination Response Notice**”), and if rejecting, shall provide the reasons for such rejection. If Lyell agrees to add such CAR-T Target as a Collaboration Target, then such CAR-T Target shall be deemed an “**Additional Target**,” and GSK shall pay to Lyell [\*] with respect to such Additional Target, within [\*] of receipt of a valid invoice therefor from Lyell. Notwithstanding any JSC review pursuant to Section 2.1(c), if Lyell rejects a certain CAR-T Target so nominated by GSK, then for the period beginning on the date of the Target Nomination Response Notice and ending [\*] thereafter, Lyell shall not Develop itself, or collaborate with a Third Party on the Development of, a CAR T-Cell Therapy directed to such rejected CAR-T Target for the Territory (such prohibition, a “**Target Rejection Prohibition**”). If a nominated CAR-T Target is rejected in the final [\*] of the [\*], then the [\*] as it applies to CAR-T Targets shall be extended [\*], and GSK shall have the right to nominate another CAR-T Target to be added as a Collaboration Target pursuant to the same process described in this Section 3.3(b), and such nomination process shall continue to repeat during such extended [\*] period until [\*] CAR-T Target is added as an Additional Target; *provided, however,* that if Lyell rejects the [\*] CAR-T Targets nominated during such extended period of the [\*], then GSK shall have the right to nominate a [\*] CAR-T Target (other than an Excluded Target and a Lyell Advanced CAR-T Target), which [\*] CAR-T Target may not be rejected by Lyell and will be added as an Additional Target.

(ii) Lyell shall provide written notice to GSK if it has initiated IND Enabling Studies for a CAR T-Cell Therapy directed to a CAR-T Target (other than an Excluded Target) in Lyell's then-existing pipeline during the period prior to the earlier of [\*] after the Effective Date and the addition pursuant to this Section 3.3(b) of GSK's [\*] CAR-T Target as a Collaboration Target, together with a written description of Information described in **Exhibit 3.3(b)(ii)**, to the extent such Information is in Lyell's Control as of the delivery of such notice to GSK. GSK's right to nominate such CAR-T Target must be made prior to [\*] after Lyell provides such notice to GSK. If GSK has not nominated such CAR-T Target by such time, such CAR-T Target shall be deemed a "**Lyell Advanced CAR-T Target**" and thereafter GSK shall have no right to nominate such Target pursuant to this Section 3.3(b).

(c) **Additional TCR Targets.** GSK shall have the right to add up to [\*] additional TCR Targets (other than any Excluded Target) believed to be useful in the Oncology Field as Collaboration Targets, each of which shall be deemed an "**Additional Target**," subject to payment of [\*] for each such Additional Target selected, within [\*] of receipt of a valid invoice therefor from Lyell. Any such Additional Target for a TCR T-Cell Therapy must be selected by GSK prior to the end of the [\*] by written notice thereof to Lyell specifically referencing this Section 3.3(c), together with a written description of such TCR Target and other items described in **Exhibit 3.3(c)** ("**Target Selection Notice**").

(d) **Excluded Targets.** Notwithstanding the foregoing, unless otherwise agreed in writing by Lyell, the Targets listed on **Exhibit 3.3(d)**, as may be updated from time to time in accordance with this Section 3.3(d) ("**Excluded Targets**") shall not be eligible to be added as, selected or nominated to be an Additional Target, unless otherwise agreed by Lyell in its sole discretion. Lyell shall have the right to add [\*] additional CAR-T Target or TCR Target to **Exhibit 3.3(d)** by notice to GSK on or after each of the [\*] of the Effective Date, such that the list of Excluded Targets could comprise [\*] Targets by the [\*] of the Effective Date; *provided, however*, that no such additional Target at the time it is added (i) shall be the same as any Collaboration Targets or any Target nominated by GSK in a Target Nomination Notice, or (ii) shall be the same as any TCR Target that GSK (itself or through an Affiliate or Third Party) has publicly announced (including the disclosure of the identity of such Target) as having commenced, licensed to or partnered with GSK for research, development or commercialization. The identity of Excluded Targets shall be deemed Confidential Information of Lyell, and disclosure of such Excluded Targets shall be strictly limited to the JSC, the Alliance Managers, the Senior Executives or solely on a need to know basis within GSK in connection with proposed Target nominations.

(e) **Active GSK Program.** If GSK nominates a CAR-T Target pursuant to Section 3.3(b) or selects a TCR Target pursuant to Section 3.3(c), in each case in its pipeline and GSK either (x) [\*] CAR-T Target or CAR-T T-Cell Therapy directed to such Target, or TCR Target or TCR T-Cell Therapy directed to such Target, [\*] or (y) has entered [\*] with respect to such Target (in each instance in respect of clause (x) or clause (y), "**Active GSK Program Criteria**"), GSK shall indicate such fact in its Target Nomination Notice or Target Selection Notice, as applicable. If Lyell disputes whether the Active GSK Program Criteria have been met with respect to such Target, the matter shall be referred to the JSC for decision (subject to

resolution pursuant to Section 2.1(d) and Section 16.3), and for CAR-T Targets, the Target Nomination Response Period shall be tolled until such dispute is resolved. If such Target is added as a Collaboration Target under this Agreement and Lyell does not dispute the Active GSK Program Criteria has been met (or it is decided by the JSC pursuant to Section 2.1(d) or Section 16.3 that the Active GSK Program Criteria have been met), the Collaboration Program for such Target shall be considered an “**Active GSK Program**.” Notwithstanding the foregoing, if Lyell provides notice to GSK that Lyell also has such Target (i.e., the Target selected by GSK for the applicable Active GSK Program) in its pipeline and such Target meets the Active GSK Program Criteria with respect to Lyell *mutatis mutandis* (an “**Active Lyell Program Notice**”), then GSK shall have the option, by providing notice to Lyell of its election within, at or prior to the first JSC meeting that occurs after [\*] following its receipt of the Active Lyell Program Notice, either to have the Collaboration Program for such Target (if such Target is actually added as a Collaboration Target) that had been in the pipeline of both Parties (A) be treated as an Active GSK Program (in which case, such Collaboration Program would be a Lyell Component Development Program and GSK would not obtain access or rights to such T-Cell Therapy program (or Patents or Information with respect thereto) other than with respect to the Collaboration Anti-Exhaustion Components delivered by Lyell pursuant to Section 3.1(a)(v)) or (B) not be treated as an Active GSK Program (in which case such Collaboration Program would be a Lyell PoC Development Program). In addition, with respect to a TCR Target that is not an Active GSK Program, the Parties shall agree on whether Lyell would continue to conduct its program as a Lyell PoC Development Program or GSK would obtain other access and rights to Lyell’s program. If the Parties agree that GSK would get other access and rights to Lyell’s TCR T-Cell Therapy program, the Parties shall also agree on the terms and conditions of such access and rights (including the Parties roles and responsibilities for advancing such program). If Lyell provides an Active Lyell Program Notice the Parties shall cooperate to make the decisions and agreements described above in a timely manner and Lyell shall not be obligated to begin Development activities under this Agreement with respect to the subject Target until such decisions and agreements have been made. For clarity: (i) the Collaboration Program for the Initial Collaboration Target [\*] (or, as applicable, the Substitution Target or Monospecific Target, unless otherwise agreed by the Parties) shall not be deemed an Active GSK Program; (ii) the Collaboration Program for the Initial Collaboration Target [\*] shall be deemed an Active GSK Program; and (iii) in the case of the [\*] CAR-T Target, unless the Parties agree in writing that the Collaboration Program for such CAR-T Target is an Active GSK Program at the time such Target is first agreed upon as an Additional Target under Section 3.3(b), the Collaboration Program for such Target shall not be deemed an Active GSK Program.

(f) **Allogeneic Products.** Unless the Parties mutually agree at the time a Target is added as a Collaboration Target pursuant to this Section 3.3 that a T-Cell Therapy Developed for such Collaboration Target will be an allogeneic T-Cell Therapy, it shall be autologous and not allogeneic. If at the time such Target is added as a Collaboration Target, or at any subsequent time during the Royalty Term, the Parties agree that a T-Cell Therapy will be allogeneic, the Parties shall negotiate in good faith and mutually agree upon the milestones and royalties to be paid by GSK with respect to Compounds and Products for the Collaboration Program for such Collaboration Target, and neither Party shall develop a Product comprising an allogeneic T-Cell Therapy directed to a Collaboration Target unless and until such milestone and royalty determinations have been made and agreed in writing.



(g) [\*]; [\*]. Unless otherwise expressly agreed, GSK shall not have the right to propose pursuant to Section 3.3(b) or select pursuant to Section 3.3(c) more than [\*] as the Target to which a Collaboration Program would be directed (e.g., the Parties must expressly agree if a Collaboration Program will be for a [\*] Product). In the event the Parties agree to such a [\*] Collaboration Program, at such time the Parties shall also agree on any necessary modifications or clarifications to this Agreement to address such situation. For clarity, unless otherwise agreed by the Parties, (A) the Product Developed and Commercialized by GSK, its Affiliates and Sublicensees with respect to a [\*] Collaboration Program must be directed to [\*] Target within such Collaboration Target (e.g., a Product under [\*] Collaboration Program cannot be directed [\*]), and in any case shall not be [\*] other than the Collaboration Targets; and (B) the Collaboration Target for a [\*] Product shall be deemed to refer to [\*] Targets to which the Product is [\*] (e.g., the development and commercialization of a T-Cell Therapy [\*] by a Party independent of this Agreement would not be restricted under Section 11.2 unless therapies directed to [\*] Developed and Regulatory Approval is sought for administration [\*] by such Party). Notwithstanding the foregoing, the Parties agree that with respect to the initial Collaboration Program directed to [\*] as an Initial Collaboration Target (i) such Collaboration Target shall be considered [\*], and such [\*] shall be deemed [\*] CAR-T Targets that could be added as a Collaboration Target pursuant to Section 3.3(b) under this Agreement, and (ii) such Collaboration Program and such Collaboration Target includes [\*] as a [\*] with [\*], and [\*] as a [\*] with [\*], in each instance whether as an Unmodified [\*] CAR T-Cell Therapy, or as a Modified [\*] CAR T-Cell Therapy, and the exclusivity obligations set forth in Section 11.2 that are applicable to such Collaboration Program apply also to the [\*] of [\*] during the [\*] for such Collaboration Program. For the avoidance of doubt, nothing herein would prohibit GSK, after Option Exercise on the Product directed to the [\*] Initial Collaboration Target, from dosing patients who are [\*], or [\*], even though the Product is directed to [\*]. In the event that Lyell elects to replace the [\*] Initial Collaboration Target with the [\*] pursuant to Section 3.1(a)(i)(3), then, subject to the terms of this Agreement, the exclusivity obligations set forth in Section 11.2 that are applicable to the Collaboration Program for such [\*] shall continue to apply to [\*] constructs, [\*] constructs and [\*] of [\*] and [\*], in each case during the [\*] for such Collaboration Program.

**3.4 Responsibility for Expenses for Conduct of Collaboration Programs.** Except as set forth in this Agreement or as may be otherwise specifically agreed to in writing by Lyell and GSK, each Party shall be responsible for its own costs and expenses that it incurs in connection with the conduct of the Collaboration Programs; *provided, however*, that in no event shall Lyell be obligated to incur expenses (including internal costs) for a Lyell Development Program in excess of the lesser of (a) with respect to such Lyell Development Program that is not an Active GSK Program, [\*], or [\*] for such Lyell Development Program that is an Active GSK Program and (b) the amounts previously paid by GSK to Lyell pursuant to [\*] with respect to such Collaboration Program (the “**Maximum Cost Amount**”). In the event a Lyell Development Program is terminated by Lyell under Section 3.1(a)(iv) prior to the point at which Lyell has incurred the Maximum Cost Amount for such Lyell Development Program, Lyell shall pay to GSK an amount equal to the difference between the expenses actually incurred by Lyell in performing such Lyell Development Program and the Maximum Cost Amount. The amount of Lyell’s expenses shall be mutually agreed by the Parties, and if the Parties are unable to agree on the exact amount, such amount shall be decided by [\*].

**3.5 Updates and Discussions.** Lyell and GSK will each provide an update at each JSC meeting detailing the current status of each Lyell Development Program or Development Program, as applicable, and in the case of Lyell, Additional Development Activities, including in each case a summary in reasonable detail of the Collaboration Programs and the Additional Development Activities (as applicable), results obtained therein and future plans with respect thereto. In addition, the Parties shall provide to the JSC or its designees the information, opportunities and disclosures set forth in Sections 2.1(c)(i), (v) and (vi). In connection with such updates and disclosures, GSK further shall keep Lyell reasonably informed of the performance of the Collaboration Anti-Exhaustion Components in Compounds and Products under each Collaboration Program, including by providing Lyell Information Controlled by GSK generated under a Collaboration Program that is necessary or reasonably useful for Lyell to understand the performance of such Collaboration Anti-Exhaustion Components and performance of Products relative to the criteria required to achieve the milestones described in Sections 8.2 and 8.3 (it being understood that the foregoing shall not require GSK to provide Lyell clinical data from a Collaboration Program after Proof of Clinical Concept has been achieved for such Collaboration Program). The results, reports, analyses and other information disclosed by one Party to the other Party pursuant hereto shall be Confidential Information and may be used and disclosed only in accordance with the rights granted and other terms and conditions under this Agreement.

**3.6 Materials Transfer.** It is understood that, as required herein or otherwise to facilitate a Collaboration Program, either Party may provide to the other Party certain materials for use by the other Party. All transfers of such materials (the “**Materials**”) by the providing Party to the receiving Party shall be documented by a material transfer record specifically referencing this Agreement in the form attached hereto as **Exhibit 3.6** (the “**Transfer Record**”) that sets forth the type and name of the Materials transferred, the amount of the Materials transferred, the date of the transfer of such Materials and the purpose for such transfer. All such Materials (including, as applicable, any progeny, expression products, mutants, replicates, derivatives and modifications thereof that are made by or on behalf of the receiving Party which include or are made using the materials of the supplying Party), solely to the extent proprietary to the providing Party or not generally available from a Third Party, shall be used by the receiving Party only in accordance with the terms and conditions of this Agreement and solely for purposes of exercising its rights or performing its obligations under this Agreement as described in the Transfer Record, and the receiving Party shall not transfer such Materials to any Third Party other than in the exercise of rights expressly granted to such receiving Party under this Agreement or upon the written consent of the supplying Party. The Materials shall be used with appropriate and reasonable caution, given that the characteristics of any such Materials may not be known.

**3.7 Data Integrity and Maintenance of Records.** Each Party shall maintain complete and accurate records of all work conducted under this Agreement, and all results, data and developments made pursuant to its efforts under this Agreement. Such records shall be complete and accurate and shall fully and properly reflect all work done and results achieved in the performance of this Agreement in sufficient detail and in good scientific manner, including: (a) data generated using sound scientific techniques and processes; (b) data accurately recorded in accordance with data integrity practices by Persons performing Collaboration Programs hereunder; (c) data analyzed appropriately without bias in accordance with data integrity practices; (d) data and results stored securely and easily retrieved; and (e) data trails existing to easily demonstrate or reconstruct key decisions made during the performance of the Collaboration Programs and

conclusions reached with respect to the Collaboration Programs. Each Party shall maintain such records for a period of [\*] after such records are created; *provided* that records may be maintained for an appropriate longer period in accordance with each Party's internal policies on record retention in order to ensure the preservation, prosecution, maintenance or enforcement of intellectual property rights. Each Party shall keep and maintain all records required by Applicable Law with respect to Products.

**3.8 Subcontracting.** Each Party or its Affiliate may (sub)contract part but not all of the work for which it is responsible in the performance of a Collaboration Program to one or more Third Parties (each such Third Party, a "**Subcontractor**") pursuant to a written agreement ("**Subcontract**") which shall include terms and conditions protecting and limiting use and disclosure of Confidential Information and materials at least to the same extent as under this Agreement. With respect to potential Subcontractors engaged for the manufacturing of Compounds, the conduct of Clinical Trials or the processing of Clinical Trial data under Lyell Development Programs, Lyell shall consult with GSK (through the JSC or its designees) regarding the identity of such proposed Subcontractors and shall [\*] the performance, capabilities or qualifications of such Subcontractor (but which [\*]). Notwithstanding the foregoing, the subcontracting Party (or Party whose Affiliate enters into a Subcontract) shall remain liable under this Agreement for the performance of all its obligations under this Agreement and shall be responsible for and liable for compliance by its Subcontractors with the applicable provisions of this Agreement. Any Subcontract used by such Party to perform its obligations under this Agreement shall not include terms that limit the rights with respect to intellectual property owned or exclusively in-licensed by such Party that is licensed or to be licensed to the other Party under this Agreement. Any Third Party subcontractor to be engaged by a Party to perform any of such Party's obligations set forth in this Agreement shall meet the qualifications typically required by such subcontracting Party for the performance of work similar in scope and complexity to the subcontracted activity.

**3.9 Lyell Additional Development Activities.** Subject to Section 3.9(a), for each CAR-T Collaboration Target that is the subject of a Lyell PoC Development Program (and is not an Active GSK Program), during and after such Lyell PoC Development Program, Lyell and its Affiliates shall have the right with respect to such CAR-T Collaboration Target to continue its research, create additional CARs and conduct additional Development (pre-clinical and clinical) with respect to such additional CARs (and CAR T-Cell Therapies incorporating such CARs) in accordance with this Section 3.9 (such activities, "**Additional Development Activities**"). Any such CAR T-Cell Therapy directed to such CAR-T Collaboration Target (each, an "**Additional Construct**") created using or incorporating any rights in, or otherwise Covered by any New Third Party Technology that, in the case of Additional Development Activities for Collaboration Programs other than the [\*] Collaboration Program, is approved by GSK for inclusion pursuant to Section 8.7(c) (and solely with respect to the [\*] Collaboration Program, whether or not such New Third Party Technology is included within the Lyell Technology pursuant to Section 8.7(c)) shall be deemed a "**New Construct**" and any other Additional Construct developed using Lyell Technology (other than New Third Party Technology) or using or incorporating any Lyell Technology developed by Lyell or in-licensed by Lyell under the Existing License Agreements shall be deemed an "**Improved Construct**." Solely for purposes of this Section 3.9 and Section 13.6(b)(i)(3), with respect to matters concerning Additional Development Activities, references to the [\*] Collaboration Program and [\*] Collaboration Target shall be deemed to include [\*] constructs, [\*] constructs and [\*] of [\*].

(a) **Clinical Development.** Prior to [\*] by GSK for a Product directed to such CAR-T Collaboration Target, Lyell may [\*] for an Additional Construct; *provided, however*, that in order to [\*], Lyell must request the JSC to define the criteria, including the required contents of the Additional Construct Data Package, for determining whether such Additional Construct is an improvement over the Product directed to such Collaboration Target for which a Clinical Trial has been previously initiated (“**Success Criteria**”). For clarity, the Parties agree that in order to be an “improvement” as described in the foregoing sentence, the Success Criteria for such Additional Construct will at minimum require transformational benefits, including superior efficacy over the existing Product. Lyell acknowledges that Success Criteria will be agreed that will reflect a material best in class improvement in efficacy over either the current, anticipated standard of care or over the predecessor construct, similar in magnitude to the efficacy improvements specified in the [\*] Proof of Clinical Concept or Cancer Proof of Clinical Concept definitions, as applicable. If the JSC has not reached consensus on the Success Criteria within [\*] of Lyell’s request to establish them, such matter shall be resolved pursuant to Section 2.1(d) and Section 16.3. At Lyell’s discretion, and subject to the remainder of this Section 3.9(a), Lyell may [\*], while such matter is being resolved. To be clear, (i) GSK’s decision pursuant to Section 8.7(c) to preclude New Third Party Technology from being included as Lyell Technology under this Agreement will not prevent Lyell from using such New Third Party Technology to create and Develop New Constructs directed to the [\*] Collaboration Target and (ii) other than with respect to the [\*] Collaboration Program, Lyell may not [\*] directed to a CAR-T Collaboration Target created using or incorporating any rights in, or otherwise Covered by any New Third Party Technology not previously approved by GSK for inclusion pursuant to Section 8.7(c).

(b) **Results.** Lyell will keep GSK reasonably informed of its Additional Development Activities and the results thereof through the JSC as described in Section 3.5. If Lyell believes the Success Criteria have been met with respect to an Additional Construct (“**Proposed Additional Construct**”), Lyell shall prepare and submit to the JSC a data package demonstrating such achievement (“**Additional Construct Data Package**”) and then the JSC shall decide (subject to resolution pursuant to Section 2.1(d) and Section 16.3) whether the Success Criteria have been met. For Proposed Additional Constructs that are New Constructs, together with the Additional Construct Data Package, Lyell shall provide to GSK a written description of the New Third Party Technology used to create, incorporated in or otherwise Covering the Proposed Additional Construct that Lyell proposes to be included within the Lyell Technology licensed to GSK under this Agreement (to the extent not already included within the Lyell Technology pursuant to Section 8.7(c)) (collectively, “**New Construct Third Party Technology**”) and the payment and other terms that would apply to GSK if such New Construct Third Party Technology were so included in the Lyell Technology (each agreement under which Lyell acquired or licensed such New Construct Third Party Technology not already included within the Lyell Technology pursuant to Section 8.7(c), a “**New Construct License Agreement**”).

(c) **Additional Construct Opt In.** GSK shall have the right (the “**Additional Construct Opt In**”) to elect to include each Proposed Additional Construct as a Product under the applicable Collaboration Program subject to this Agreement, exercisable by written notice to Lyell at any time prior to [\*] after the JSC decides (subject to resolution pursuant to Section 2.1(d) and

Section 16.3) whether or not the Success Criteria have been met with respect to such Proposed Additional Construct (such period, the “**Additional Construct Opt-In Period**”). If GSK exercises the Additional Construct Opt In for a Proposed Additional Construct:

(i) such Proposed Additional Construct shall be deemed a “**Product**” for all purposes under this Agreement;

(ii) GSK shall, if and when applicable, pay the milestones payments and royalties set forth in Article 8 below; *provided, however*, that the milestone payments set forth in Section 8.3 will be paid only once with respect to a Collaboration Program upon the first achievement of such milestone event by a Compound or Product for such Collaboration Program, regardless of the number of Compounds or Additional Constructs that may be included as a Product under such Collaboration Program;

(iii) if such Proposed Additional Construct is a New Construct, each New Construct License Agreement shall be deemed a New Third Party Technology Agreement for which GSK has made an election in accordance with Section 8.7(c) to include the New Construct Third Party Technology under such New Third Party Technology Agreement within the Lyell Technology hereunder (and thereafter such New Third Party Technology Agreement shall be a Lyell License Agreement hereunder); and

(iv) GSK shall pay to Lyell the milestones and royalties owed by Lyell under the Lyell License Agreements (including any New Construct License Agreement deemed to be a Lyell License Agreement in accordance with Section 3.9(c)(iii)) in accordance with Section 8.7, including as subject to Section 8.5(b), and GSK will, and will cause its Affiliates and Sublicensees to comply with the terms and conditions thereof to the extent applicable to a sublicensee of intellectual property or technology under the Lyell License Agreements and all such terms and conditions are incorporated herein by reference.

(d) **Further Lyell Development and/or Commercialization.** If the JSC decides (subject to resolution pursuant to Section 2.1(d) and Section 16.3) the Success Criteria have been met with respect to a Proposed Additional Construct and GSK does not exercise the Additional Construct Opt In for such Proposed Additional Construct in accordance with Section 3.9(c) within the Additional Construct Opt-In Period, then, notwithstanding Article 11, Lyell and its Affiliates may, alone or with or through Third Parties, Develop, manufacture and Commercialize the Proposed Additional Construct, and any modification, improvement or derivative thereof, as a CAR T-Cell Therapy, independently of GSK and this Agreement. If the JSC decides (subject to resolution pursuant to Section 2.1(d) and Section 16.3) the Success Criteria have not been met with respect to a Proposed Additional Construct and GSK does not elect to include such Proposed Additional Construct in accordance with Section 3.9(c) within the Additional Construct Opt-In Period, then Lyell and its Affiliates may continue to conduct Additional Development Activities with respect to such Proposed Additional Construct but will not Develop such Proposed Additional Construct with a Third Party (other than Third Parties working on behalf of or for the benefit of Lyell) during the [\*] for the applicable Collaboration Program and will not Commercialize such Proposed Additional Construct alone or with a Third Party during the [\*] for the applicable Collaboration Program.

## 4. REGULATORY MATTERS

### 4.1 Regulatory Matters for Compounds and Product.

(a) Lyell shall have sole responsibility and decision-making authority with respect to regulatory matters for Compounds or Products pertaining to activities under each Lyell PoC Development Program or Additional Development Activities conducted by Lyell, including for preparing and submitting all Regulatory Materials and holding all INDs for such Compounds or Products for such activities, it being understood that Lyell may use an academic partner to conduct activities under the Lyell PoC Development Program (including by having an academic partner be the holder of the applicable IND and sponsor of a Clinical Trial therefor). Lyell shall keep GSK reasonably informed of its or its academic partner's interactions with Regulatory Authorities regarding Regulatory Materials for Lyell PoC Development Programs and Additional Development Activities, to the extent such interactions reasonably relate to a Compound or Product. Lyell will own all Regulatory Materials for Compounds or Products prepared and submitted by Lyell under this Section 4.1(a) and all such Regulatory Materials shall be submitted in the name of Lyell. Subject to the terms and conditions of this Agreement, Lyell hereby grants to GSK a non-exclusive Right of Reference (including the right to grant further Rights of Reference to any of GSK's Affiliates or Sublicensees) to any such Regulatory Materials and Regulatory Approvals Controlled by Lyell, to the extent required or reasonably useful to obtain or maintain any Regulatory Approval of any Product in the Field in the Territory for the sole purpose of preparing, obtaining and maintaining such Regulatory Approvals and to otherwise Develop, manufacture and Commercialize such Product in the Field in the Territory.

(b) On a Collaboration Program-by-Collaboration Program basis, GSK shall have sole responsibility and decision-making authority with respect to regulatory matters for Compounds or Products in the Territory for: (i) each TCR Program (subject to Section 3.1 (a)(iii)); (ii) each CAR-T Program that is an Active GSK Program and (iii) after delivery to GSK by Lyell of the [\*] Data Package and payment of [\*] to Lyell by GSK, each CAR-T Program or TCR Program that is not an Active GSK Program. Subject to Section 4.1(a), GSK shall have sole responsibility for preparing and submitting all Regulatory Materials for Products in the Field in the Territory, including preparing, submitting and holding all INDs, BLAs and MAAs for Products. GSK shall keep Lyell reasonably informed, either through the JSC, or in the event the JSC has been disbanded, through its regular reporting obligations under this Agreement, of its (and its Affiliates) interactions with Regulatory Authorities regarding Regulatory Materials, to the extent such interactions reasonably relate to a Compound or Product. Lyell shall reasonably cooperate with GSK and, to the extent not previously provided, provide to GSK all Information Controlled by Lyell developed pursuant to a Lyell Development Program for the applicable Compound or Product, in each case as may be reasonably requested by GSK, in order to prepare or support any Regulatory Materials for Products in the Field in the Territory and interactions with any Regulatory Authority in connection with Development or Regulatory Approval of Products. GSK will own all Regulatory Materials for Products prepared and submitted by GSK under this Section 4.1(b) and all such Regulatory Materials shall be submitted in the name of GSK (or its Affiliate or Sublicensee, as applicable). For clarity, nothing in this Section 4.1 shall be deemed to transfer ownership of any Information provided by Lyell to GSK for use in preparing and submitting such Regulatory Materials. Subject to the terms and conditions of this Agreement, GSK (on behalf of itself and its Affiliates and Sublicensees) hereby grants to Lyell a non-exclusive

Right of Reference (including the right to grant further Rights of Reference to any of Lyell's Affiliates, licensees or Third Party distributors) to any such Regulatory Materials and Regulatory Approvals Controlled by GSK, but only to the extent (x) such Regulatory Materials and Regulatory Approvals pertain to the Anti-Exhaustion Components or other Lyell Anti-Exhaustion Technology and (y) such right of reference is required or reasonably useful to obtain or maintain any Regulatory Approval of a product containing such Anti-Exhaustion Components or other Lyell Anti-Exhaustion Technology and for the sole purpose of preparing, obtaining and maintaining such Regulatory Approvals and to otherwise Develop, manufacture and Commercialize such product. For the avoidance of doubt, the foregoing Right of Reference shall not be construed as an obligation for GSK to provide Lyell, its Affiliates, licensees or Third Party distributors with any Information Controlled by GSK developed pursuant to a GSK Program.

(c) If requested by a Party, the other Party shall provide, and Lyell shall procure from its academic partners sponsoring a Clinical Trial under a Lyell PoC Development Program, any signed statement that authorizes any Right of Reference granted under this Section 4.1 that is required by Applicable Law or the Regulatory Authority in the applicable country or jurisdiction.

(d) To the extent necessary, the Parties shall meet to negotiate in good faith and agree on processes and procedures for sharing adverse event and other pharmacovigilance information related to the Compounds and Products no later than the initiation of Clinical Trial activity by GSK with respect to any Compound or Product. Such written plan or agreement (the "**Pharmacovigilance Agreement**") shall contain provisions to ensure that adverse event and other pharmacovigilance information is exchanged according to a schedule that will permit each Party to comply with legal and regulatory requirements in its respective territories.

**4.2 No Use of Debarred Person.** If during or following the Term, either Party learns that any employee or consultant performing on its behalf under this Agreement has been debarred by any Regulatory Authority, or has become the subject of debarment proceedings by any Regulatory Authority, such Party will promptly notify the other Party and will prohibit such employee or consultant from performing on its behalf under this Agreement.

**4.3 Standards of Conduct.** Each Party shall perform, and shall use reasonable efforts to ensure that its Affiliates, licensees, sublicensees and Third Party contractors perform, its Development activities with respect to each Collaboration Program in good scientific manner, and in compliance in all material respects with the requirements of Applicable Law.

## 5. COMMERCIALIZATION

**5.1 Commercialization of Products.** Subject to Section 3.9(d), following Option Exercise for a Collaboration Program pursuant to Section 3.1(b), GSK shall have the sole right and responsibility, at its cost and expense, for the Commercialization in the Field in the Territory of Products within such Collaboration Program. GSK will use Commercially Reasonable Efforts to [\*] directed to each Collaboration Target [\*] for such Product.

**5.2 Decision-Making Authority.** GSK shall have the sole decision-making authority for the operations and Commercialization strategies and decisions, including funding and resourcing, related to the Commercialization of Products.

## 6. MANUFACTURING

**6.1 Overview.** Following the date of the Option Exercise for the applicable Lyell Development Program for a Collaboration Target, GSK will have the exclusive right and shall be solely responsible for the manufacture (including having a Third Party manufacture on its behalf) of all Compounds and Products directed to such Collaboration Target (including all such manufacturing for use in Clinical Trials and for commercial sale) for sale and use in the Territory, including all activities related to developing the process, analytics and formulation for the manufacture of clinical and commercial quantities of such Compounds or Products, the production, manufacture, processing, filling, finishing, packaging, labeling, inspection, receiving, holding and shipping of Compounds or Products, or any raw materials or packaging materials with respect thereto, or any intermediate of any of the foregoing, including process and cost optimization, process qualification and validation, commercial manufacture, stability, in-process and release testing, quality assurance and quality control, in each case for use in the GSK Development Programs and Commercialization in the Territory. Lyell shall have the right and shall be solely responsible for the manufacture (including having a Third Party manufacture on its behalf) of all Compounds and Products for use solely in the Lyell Development Programs. As used herein, the term “manufacture” includes the scale-up, production, processing, filling, finishing, packaging, inspection, receiving, holding and shipping of Compounds and Products, and any related materials used in connection with such manufacture.

### **6.2 Transfer of Manufacturing Technology.**

(a) **By Lyell.** Following the date of the Option Exercise for a Lyell PoC Development Program and pursuant to rights granted to GSK under Article 7, for purposes of establishing manufacturing capability for Products directed to the Collaboration Target for such Lyell PoC Development Program, Lyell shall disclose and provide to GSK (or to an authorized Third Party manufacturer designated by GSK in accordance with the terms of this Agreement), the Lyell Manufacturing Technology used by or on behalf of Lyell to manufacture the Product incorporating or made using a Collaboration Anti-Exhaustion Component for the Clinical Trial in which Academic PoC was achieved (or, if such Collaboration Anti-Exhaustion Component was a Collaboration Anti-Exhaustion Component incorporated into an Additional Construct for which GSK exercises its Additional Construct Opt In right, a Clinical Trial for a Product incorporating or made using such Collaboration Anti-Exhaustion Component the results of which were included in the Additional Construct Data Package) for the sole purposes of the manufacture of such Products and to replicate the manufacturing processes employed by or on behalf of Lyell (including any Third Party manufacturer of Lyell) with respect to such Products for such Clinical Trial. As applicable, if requested by Commercially Reasonable Efforts to have an applicable Lyell Third Party manufacturer) provide reasonable technical assistance (including on-site assistance) and consultation, pursuant to a mutually agreed upon plan for the transfer and the implementation of such Lyell Manufacturing Technology by GSK or its Third Party manufacturer (it being understood that GSK will reimburse Lyell for any direct expenses incurred in providing such assistance).

(b) **By GSK.** At GSK’s reasonable discretion following the Effective Date, GSK shall [\*] under this Agreement solely in the Lyell PoC Development Programs (“[\*]”), as the same may be updated from time to time, and provide reasonable consultation and assistance for Lyell to understand and implement such [\*] of such Products or Compounds.



**6.3 Improvements in the Manufacture of Compounds.** After the Option Exercise or after the Additional Construct Opt In for each Collaboration Program and thereafter until the expiration of the Capture Period, Lyell shall promptly disclose to GSK any improvements, innovations, advancements, inventions or developments (whether or not patentable) made by or on behalf of Lyell during the Capture Period and Controlled by Lyell for the manufacture of Collaboration Anti-Exhaustion Components incorporated by Lyell into a Compound or Product for such Collaboration Program (“**Lyell Manufacturing Improvements**”), and upon request by GSK during the Capture Period, Lyell will provide GSK with Information and Materials in Lyell’s Control that are necessary or reasonably useful (and used by or on behalf of Lyell for the manufacture of such Collaboration Anti-Exhaustion Component) for GSK to use such Lyell Manufacturing Improvement for the manufacture of such Product. “**Capture Period**” means the period commencing on the Effective Date and ending upon the later of (i) [\*] or (ii) the date [\*].

## 7. GRANT OF RIGHTS AND LICENSES

### 7.1 License to GSK.

(a) Subject to the terms and conditions of this Agreement, with respect to each Collaboration Program, effective as of the date of GSK’s Option Exercise for such Collaboration Program, Lyell hereby grants to GSK an exclusive license, with the right to grant sublicenses through multiple tiers as provided in Section 7.2, under Lyell Technology to make, have made, use, sell, offer for sale, import (including the exclusive right to Develop and Commercialize) (i) the Collaboration Anti-Exhaustion Components for such Collaboration Program in Compounds or Products (which further includes the right to make, have made, use, sell, offer for sale, import (including the exclusive right to Develop and Commercialize) Compounds or Products to the extent incorporating such Collaboration Anti-Exhaustion Components), (ii) with respect to a Lyell PoC Development Program, the Compound and Product for which Academic PoC was achieved, and (iii) in each case in respect of clauses (i) or (ii) as such Collaboration Anti-Exhaustion Components may be modified pursuant to Section 3.1(c), in all such cases in the Field in the Territory. To be clear, (x) nothing in this license provided under Section 7.1(a) shall be deemed to grant GSK a right or license to incorporate any Lyell Technology other than a Collaboration Anti-Exhaustion Component provided under this Agreement (or modification thereof under Section 3.1(c)) into a Compound or Product (*e.g.*, GSK would not be licensed, under a Patent Controlled by Lyell claiming a proprietary binding domain for a Target other than a Collaboration Target, to incorporate into a Product or Compound such binding domain) and (y) Lyell would have the right to make, have made, use, sell, offer for sale and import (including Develop and Commercialize) Collaboration Anti-Exhaustion Components in T-Cell Therapies directed to Targets other than Collaboration Targets, and, subject to Section 11. 1, grant sublicenses to Third Parties to so.

(b) The rights and licenses granted to GSK in this Section 7.1 shall be exclusive even as to Lyell, except that Lyell retains the right to (i) perform Lyell Development Programs; (ii) research, develop, use, import and manufacture Compounds and Products in the Territory for sale and use outside the Territory, or for use in performing Additional Development Activities that Lyell is permitted to perform; and (iii) otherwise perform its obligations and exercise its rights

under this Agreement, including as set forth in Section 3.9(d); in each case itself or through others; *provided* that Lyell shall not have the right to conduct (or to authorize any Affiliate or Third Party to conduct) Clinical Trials of a Compound or Product (or of an Additional Construct) in a Major Market other than as part of a Lyell Development Program or Additional Development Activities in accordance with Article 3 above.

**7.2 Sublicensing by GSK.** GSK is entitled to sublicense through multiple tiers the rights granted to it by Lyell under Section 7.1(a); *provided* that, without the prior written consent of Lyell, GSK shall not sublicense the rights granted to it by Lyell under Section 7.1(a) until the earlier of (a) the [\*] or (b) on a Collaboration Program-by-Collaboration Program basis, the [\*] for a Product under such Collaboration Program. GSK shall ensure that each of its Sublicensees is bound by a written agreement that is consistent with, and subject to the terms and conditions of, this Agreement. In addition, GSK shall be responsible for the performance (including compliance with obligations of confidentiality under this Agreement) of any of its Sublicensees that are exercising rights under a sublicense of the rights granted by Lyell to GSK under this Agreement, and the grant of any such sublicense shall not relieve GSK of its obligations under this Agreement, except to the extent they are satisfactorily performed by any such Sublicensee(s). Promptly after the execution of each sublicense to a Third Party as provided in this Section 7.2 (or amendment or termination thereof), GSK shall provide Lyell with a notice of the sublicense, including the identity of the Sublicensee; *provided* that if such sublicense includes a sublicense of intellectual property or technology under one or more Lyell License Agreements, then GSK shall additionally provide Lyell with a redacted copy of such sublicense agreement (and any other related information) in the manner and to the extent required in order for Lyell to timely comply with its obligations to the applicable Lyell Licensors under the Lyell License Agreements.

### **7.3 Licenses to Lyell.**

(a) **Research License.** Subject to the terms and conditions of this Agreement, GSK hereby grants to Lyell a worldwide, non-exclusive, non-sublicensable, royalty-free license under any and all GSK intellectual property rights covering the GSK Information or Materials provided to Lyell, solely to conduct the Lyell Development Programs, and not for any other purpose.

(b) **[\*] License.** Subject to the terms and conditions of this Agreement, GSK hereby grants to Lyell a worldwide, non-exclusive, non-sublicensable, fully-paid up license under [\*] (including all intellectual property rights therein Controlled by GSK) disclosed to Lyell under this Agreement solely as necessary to enable Lyell to meet any of its [\*] under this Agreement with respect to Lyell PoC Development Programs.

### **7.4 Improvements.**

#### **(a) Modified TCRs.**

(i) Subject to the terms and conditions of this Agreement, Lyell hereby assigns to GSK, all right, title and interest of Lyell and its Affiliates in and to any Modified TCR made by or on behalf of Lyell or its Affiliates, including all intellectual property rights generated by or on behalf of Lyell or its Affiliates in such Modified TCRs.

(ii) Lyell shall promptly disclose and provide to GSK all Information and Materials with respect to Modified TCRs assigned to GSK under Section 7.4(a)(i) above. Such disclosure shall include all Information and Materials necessary or reasonably useful for GSK to understand and exploit such Modified TCRs, including protein or nucleotide sequences embodying or expressing such Modified TCRs, but only to the extent such Information and Materials comprise such Modified TCRs.

(iii) For such purposes, “**Modified TCR**” means a composition, to the extent the same comprises a modification of a TCR that was provided to Lyell by GSK in connection with this Agreement, or of a nucleotide sequence expressing such TCR, in each case which composition was made by or on behalf of Lyell or its Affiliate in connection with a Collaboration Program or using Materials provided to Lyell by GSK. Notwithstanding the foregoing, Modified TCRs shall not include any Anti-Exhaustion Components.

**(b) Improved Anti-Exhaustion Components; GSK Manufacturing Improvements.**

(i) Subject to the terms and conditions of this Agreement, GSK hereby grants to Lyell a worldwide, non-exclusive, fully-paid up license, with the right to grant and authorize sublicenses, to make, use, sell, offer to sell, import and otherwise exploit for any purpose Improved Anti-Exhaustion Components and GSK Manufacturing Improvements; in each case including all intellectual property rights therein Controlled by GSK, and subject to the exclusive license granted to GSK under Section 7.1(a) above.

(ii) GSK shall promptly disclose and provide to Lyell all Information and Materials with respect to Improved Anti-Exhaustion Components and GSK Manufacturing Improvements licensed to Lyell under Section 7.4(b)(i) above. Such disclosure shall include such Information and Materials as are necessary or reasonably useful to understand and exploit such Improved Anti-Exhaustion Components and GSK Manufacturing Improvements, including protein and nucleotide sequences embodying or expressing such Improved Anti-Exhaustion Components, and the formulation, use, production, scale-up, processing, handling, effects or characteristics of products comprising or utilizing such Improved Anti-Exhaustion Components, or comprising or utilizing such GSK Manufacturing Improvements, but only to the extent such Information and Materials comprise or relate primarily to such Improved Anti-Exhaustion Components or GSK Manufacturing Improvements.

(iii) For such purposes, “**Improved Anti-Exhaustion Components**” means compositions and methods made by or under the authority of GSK or its Affiliates in connection with this Agreement that comprise or incorporate Lyell Anti-Exhaustion Technology provided to GSK under a Collaboration Program to the extent such composition or method (made by or under the authority of GSK or its Affiliates) comprises an Anti-Exhaustion Component. Any composition or method made by or under the authority of GSK or any of its Affiliates independent of this Agreement and without using or comprising Lyell Anti-Exhaustion Technology shall not be an Improved Anti-Exhaustion Component.

(iv) For such purposes, “**GSK Manufacturing Improvements**” means improvements, innovations, advancements, inventions or developments (whether or not

patentable) to the extent: (1) relating primarily to the manufacture of any Anti-Exhaustion Components provided to GSK by Lyell in connection with this Agreement, (2) made by or on behalf of GSK during the period beginning on the Effective Date and ending on the [\*] thereof, and (3) Controlled by GSK.

**7.5 No Other Rights.** Except for the rights expressly granted under this Agreement, no right, title or interest of any nature whatsoever is granted whether by implication, estoppel, reliance or otherwise, by a Party to the other Party. All rights with respect to Information, Patent or other intellectual property rights that are not specifically granted herein are reserved to the owner thereof. Without limiting the foregoing, for clarity, nothing herein shall be deemed to grant to GSK a right or license to any CAR, TCR or Target other than a Collaboration Target. Without limiting the generality of the foregoing, with respect to CAR T-Cell Therapies Lyell may not cite or include in a submission to a Regulatory Authority in China any Information comprising clinical data or data generated in IND Enabling Studies, in each case generated under a Collaboration Program, including such clinical data or IND Enabling Studies data in an Academic PoC Data Package, Collaboration Component Data Package or Regulatory Materials generated under a Collaboration Program, in the conduct of any activities (itself or with a Third Party) for the Development of CAR T-Cell Therapies for Commercialization in China, without the prior written consent of GSK and upon terms, including with respect to royalties and other consideration, to be negotiated and mutually agreed upon by the Parties in good faith.

**7.6 Public Domain Information.** Nothing in this Agreement shall prevent either Party or its Affiliates from using for any purpose any Information or other Confidential Information that is in the public domain.

**7.7 Certain Rights and Obligations Under the Lyell License Agreements.** Notwithstanding any other provision of this Agreement, the following provisions shall apply.

(a) Whenever Lyell receives any report, notice or other communication relating to Compounds, Products or this Agreement from a counterparty to a Lyell License Agreement (each a “**Lyell Licensor**”) with respect to the applicable Lyell License Agreement and which report, notice or other communication would have a material adverse effect on this Agreement (including any notice with respect to any default, breach or termination of the Lyell License Agreement), Lyell shall promptly provide a copy of such report, notice or other communication to GSK, which, if such notice is a termination notice, shall be provided in a manner and on timelines to enable GSK to obtain a direct license from the applicable Lyell Licensor if permitted under the terms of the applicable Lyell License Agreement. Lyell shall have no obligation to disclose to GSK any confidential information of any Third Party (other than the Lyell Licensor) contained in any such report, notice or other communication and any information provided by Lyell to GSK may be redacted to remove any such information.

(b) Lyell shall not agree or consent to any amendment, supplement or other modification to the Lyell License Agreements, in each case in a manner that adversely affects the rights to intellectual property that at the time of the amendment have been incorporated by Lyell, or Lyell reasonably plans to incorporate, into a Collaboration Anti-Exhaustion Component or have been incorporated into a Compound or Product by mutual agreement of the Parties (including pursuant to Section 3.1(c)), in each case without GSK’s prior written consent (such consent not to be unreasonably withheld, delayed or conditioned).

(c) Lyell shall not terminate, and shall not take or fail to take any action that would permit the Lyell Licensor to terminate, any Lyell License Agreement (either unilaterally or by mutual agreement of Lyell with the applicable Lyell Licensor) or any right thereunder, that would have an adverse effect on the rights sublicensed to GSK under this Agreement that at the time of such action or failure to take action have been incorporated by Lyell, or Lyell reasonably plans to incorporate, into a Collaboration Anti-Exhaustion Component or have been incorporated into a Compound or Product by mutual agreement of the Parties, without the prior written consent of GSK (which consent shall not be unreasonably withheld), in each case as it related to or impacts the rights sublicensed to GSK under this Agreement.

## 8. PAYMENTS

**8.1 Upfront Payment.** In partial consideration of the rights granted to GSK under this Agreement, GSK shall pay Lyell forty-five million Dollars (\$45,000,000) within [\*] after the Effective Date and receipt of a valid invoice from Lyell. Such payment shall be non-creditable and non-refundable.

### 8.2 Technology Validation Payments.

(a) GSK shall pay to Lyell [\*] for the first achievement (whether by or on behalf of a Related Party or Lyell) of Proof of Biology for any [\*], including any [\*], in each case that was generated or developed by or on behalf of Lyell, payable by GSK within [\*] from the date of receipt of a corresponding valid invoice from Lyell. If there is any dispute whether Proof of Biology has been achieved, such matter shall be decided by the JSC (subject to resolution pursuant to Section 2.1(d) and Section 16.3).

(b) GSK shall pay to Lyell [\*] for the first achievement of Proof of Clinical Concept for any Compound or Product, including any Compound or Product directed to an Initial Collaboration Target (whether by or on behalf of a Related Party or Lyell), payable by GSK within [\*] from the date of receipt of a corresponding valid invoice from Lyell. If there is any dispute whether Proof of Clinical Concept has been achieved, such matter shall be decided by the JSC (subject to resolution pursuant to Section 2.1(d) and Section 16.3).

(c) The payments under Sections 8.2(a) and 8.2(b) above shall each be made only one time, upon the first occurrence of the event described therein, and as a result, no more than [\*] will be due under Section 8.2(a), and no more than [\*] will be due under Section 8.2(b), in the aggregate. Such payments shall be non-creditable and non-refundable. The Party achieving Proof of Biology or Proof of Clinical Concept triggering payment under either of Section 8.2(a) or 8.2(b) shall provide written notice to the other within [\*] after the first achievement of such event by or on behalf of it or its Affiliates, and within [\*] after the first achievement of the specified milestone event by or on behalf of its Sublicensees or their Affiliates.

**8.3 Development and Commercial Milestone Payments for Collaboration Programs.**

(a) GSK shall pay to Lyell the milestone payments set forth in Table 1 below for each Collaboration Program (with the applicable milestone payment amount based on whether such Collaboration Program is an Active GSK Program or not), payable by GSK within [\*] from the date of receipt of a corresponding valid invoice from Lyell after the first occurrence of the specified milestone event; *provided* that (i) the milestone payments shall apply to any milestone event whether (A) achieved by or on behalf of GSK, its Sublicensees or their Affiliates, or (B) in the case of (x) [\*] for Collaboration Programs that are not Active GSK Programs, or (y) [\*], in either instance in respect of clause (x) or (y), achieved by or on behalf of Lyell or its Affiliates (but subject to Section 3.1(a)(i)(2)); and (ii) the payment amounts set forth in Table 1 shall only apply to the first Compound or Product for a given Collaboration Program to reach the milestone event (it being understood that subsequent milestone events that were not achieved by the first Compound or Product for such Collaboration Program may be met by another Compound or Product for the same Collaboration Program). Such payments shall be noncreditable and nonrefundable. With respect to any milestone event, the Party achieving a specified milestone event shall provide written notice to the other within [\*] after the first achievement of such specified milestone event by or on behalf of it, or its Affiliates and within [\*] after the first achievement of the specified milestone event by or on behalf of its Sublicensees or their Affiliates.

**Table 1**

Milestone #	Event	For any Collaboration Program other than an Active GSK Program	For any Collaboration Program that is a Active GSK Program
[*]*	[*]	[*]	[*]
[*]*	[*]		
[*]*	[*]		
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]
<b>Total per Collaboration Program</b>		[*]	[*]

\*[\*] shall be payable with respect to the [\*] Collaboration Program (or if the [\*] Collaboration Program, respectively), [\*] shall be payable with respect to the [\*] Collaboration Program and [\*] shall be payable with respect to each other Collaboration Program. Notwithstanding the foregoing: (i) “[\*]” means achievement of each of the following: (1) [\*], and (2) [\*]; *provided* that as of the date of such achievement [\*]; (ii) “[\*]” means the achievement of [\*]; *provided* that as of the date of such achievement [\*]; and (iii) “[\*]” means the achievement of [\*]; *provided* that, as of the date of such achievement such [\*]. For clarity, the [\*] do not need to have been met for achievement of the [\*].

(b) Other than with respect to [\*] (which shall not be deemed achieved upon the achievement of [\*] but shall be deemed achieved upon achievement of [\*]), if a milestone payment becomes due with respect to a Compound or Product for a specific Collaboration Program before an earlier listed milestone payment became due for such Collaboration Program for any reason, then the earlier listed milestone payments for such Collaboration Program shall be payable upon occurrence of the later listed milestone event as follows: if [\*] shall be due. For example, if [\*], then upon achievement of [\*] shall be due.

(c) For purposes of Section 8.3, “Initiate” or “Initiation” of a Clinical Trial shall mean dosing of the first human subject in such Clinical Trial.

#### 8.4 Sales Milestone Payments.

(a) GSK shall pay to Lyell the sales based milestone payments set forth in Table 2 below the first time the aggregate Net Sales for all Compounds and Products within any Calendar Year within a Collaboration Program (“Annual Net Sales”) meets the corresponding threshold indicated below.

**Table 2**

<u>Event</u>	<u>For any Collaboration Program that is not an Active GSK Program</u>	<u>For any Collaboration Program that is an Active GSK Program</u>
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
<b>Total per Collaboration Program</b>	[*]	[*]

(b) The sales based milestone payments set forth in Table 2 above shall be payable one time for a particular Collaboration Program. GSK will notify Lyell within [\*] in which the first occurrence of the specified milestone event occurs, and Lyell shall invoice GSK for such sales milestone payment. Each milestone payment shall be made by GSK within [\*] from the date of receipt of a corresponding valid invoice from Lyell. For clarity, if more than one of the foregoing sales based milestone events is achieved with respect to a Collaboration Program in a given payment period, GSK shall pay to Lyell a separate milestone payment with respect to each such sales based milestone event that is achieved in such period. Such payments shall be noncreditable and nonrefundable.

**8.5 Royalty Payments to Lyell.**

(a) **General.** In further consideration of the rights and licenses granted by Lyell to GSK hereunder, on a Collaboration Program-by-Collaboration Program basis, GSK shall pay to Lyell royalties based on the Net Sales of all Products and Compounds for a Collaboration Program during the applicable Royalty Term. The royalty payable with respect to Products and Compounds shall be tiered based upon the level of total aggregate Net Sales in a Calendar Year of all Products and Compounds within the same Collaboration Program by all Related Parties. Royalties shall be calculated by multiplying the applicable base royalty rates (“**Base Royalty Rate**”) (which Base Royalty Rates shall also be determined based on whether a Collaboration Program is an Active GSK Program or not) by the corresponding incremental portion of Net Sales Products and Compounds within the Collaboration Program as set forth in Table 3 below:

**Table 3**

<b>Portion of Total Annual Net Sales in the Territory for All Products and Compounds within a Collaboration Program</b>	<b>Base Royalty Rate for a Collaboration Program that is not an Active GSK Program</b>	<b>Base Royalty Rate for a Collaboration Program that is an Active GSK Program</b>
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

For clarity, the Net Sales thresholds in the table above shall be determined on a Collaboration Program-by-Collaboration Program basis, and “annual” Net Sales shall be determined on a calendar year-by-calendar year basis. By way of example, if the total aggregate annual Net Sales of all Products and Compounds within a Collaboration Program that is not an Active GSK Program in the Territory in a particular Calendar Year are [\*], then amount of royalties payable hereunder for any Product within such Collaboration Program shall be calculated as follows (subject to any applicable reductions under this Section 8.5): [\*].

(b) **Third Party Payments: Royalty and Milestone Offsets.** Subject to Section 8.5(f), on a Collaboration Program-by-Collaboration Program basis, GSK’s royalty obligations set forth above in this Section 8.5(a) for a Collaboration Program for a particular country in the Territory for a particular royalty tier shall be reduced by an amount equal to the “**Stacking Percentage**” for such royalty tier set forth in Table 4 below multiplied by the amount of the payments actually made by: (i) GSK to Lyell under Section 8.7 for any royalties owed under Lyell License Agreements for the sale of Compound or Product for such Collaboration Program in such country, except that in each instance the Stacking Percentage under Table 4 shall be increased to [\*] with respect to and to the extent of any royalties payable in excess of [\*] under a particular Lyell License Agreement, and (ii) subject to Section 8.7, GSK, its Affiliates or Sublicensees to a Third Party as a royalty on the sale of Compounds or Products in such country for such Collaboration Program in consideration for a license from such Third Party under



intellectual property rights incorporated into such Compound or Product. GSK shall not have the right under this Section 8.5(b) to reduce royalty payments owed to Lyell for amounts paid for intellectual property rights for “standalone pharmaceutically active ingredients” as such term is used in the definition of Combination Products that satisfy the criteria set forth in clause (a), (b) and (c) of the definition of Combination Products.

**Table 4**

<b>Portion of Total Annual Net Sales in the Territory for All Products and Compounds within a Collaboration Program</b>	<b>Stacking Percentage for a Collaboration Program other than an Active GSK Program</b>	<b>Stacking Percentage for a Collaboration Program that is an Active GSK Program</b>
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

Furthermore, on a Collaboration Program-by-Collaboration Program basis, GSK’s milestone obligations set forth in Table 1 of Section 8.3 and Table 2 of Section 8.4 for a Collaboration Program shall be reduced by an amount up to [\*] of the payments actually made by GSK to Lyell under Section 8.7 for any milestones owed under Lyell License Agreements for the Development or Commercialization of Compounds or Products (“**Milestone Offset Amount**”) for such Collaboration Program; *provided, however*, that in no event shall any particular milestone obligation be reduced by more than [\*] of the amount otherwise payable by GSK to Lyell for such milestone obligation set forth in Table 1 of Section 8.3 and Table 2 of Section 8.4, as applicable; *provided further* that any portion of the Milestone Offset Amount for such Collaboration Program that GSK would have been entitled to use to reduce a milestone obligation payable to Lyell for such Collaboration Program in the absence of the foregoing limitation shall be carried over and applied (in the same manner and subject to the same limitation) against future milestone obligations payable by GSK with respect to such Collaboration Program until (subject to the remainder of this Section 8.5(b)) the full Milestone Offset Amount is taken against milestone obligations due under such Collaboration Program; *provided further* that in no event shall any such milestone reductions apply in a given Collaboration Program once the reductions total: [\*] (in each case, the “**Lyell License Milestone Cap**”). At such time as the Lyell License Milestone Cap is reached for a given Collaboration Program, the milestone reduction hereunder will no longer apply and GSK will be responsible for the full amount of any milestones due and owing under Sections 8.3 and 8.4 in this Agreement with respect to such Collaboration Program.

(c) **Biosimilar Competition.** Subject to Section 8.5(f), if there are one or more products being sold in a country that are Biosimilar Products with respect to a Product during the Royalty Term but after the Patent Exclusivity Term and Regulatory Exclusivity Term for such Product for such country, then the royalties that would otherwise be due to Lyell with respect to such Product for such country pursuant to Section 8.5(a) shall be reduced as follows:

- (i) by [\*] with respect to any calendar quarter during which such Biosimilar Product(s), by [\*], exceed a [\*] share of the market;

and (ii) by [\*] with respect to any calendar quarter during which such Biosimilar Product(s), by [\*], exceed a [\*] share of the market;

(iii) by [\*], in the event that in any calendar quarter during which such Biosimilar Product(s), by [\*], exceed a [\*] share of the market.

For purposes of this Section 8.5(c), “market” refers to the aggregate combined number of units of the Biosimilar Product(s) and the applicable Product that are sold commercially in the particular country during the applicable calendar quarter.

(d) **One Royalty.** The royalties owing under this Agreement are attributable independently but concurrently to the Lyell Patent Rights and the grant of other rights and undertakings of Lyell in this Agreement (including the grant of rights to Lyell Know-How and Lyell Materials). However, only one royalty shall be due to Lyell with respect to the same unit of Product, as described in Section 8.5(a) above. Further, GSK shall not be obligated to pay a royalty on the Net Sales of a unit of Compound in the event that Net Sales are payable on the sale of a Product including such unit of Compound.

(e) **Royalty Term.** Royalties payable by GSK to Lyell under this Section 8.5 shall be paid on a Product-by-Product, and country-by-country basis, until the later of (i) expiration in such country of the last Valid Claim of the last to expire Patent within the Lyell Patent Rights that Cover such Product (“**Patent Exclusivity Term**”), (ii) expiration of all applicable regulatory, pediatric, orphan drug or data exclusivity with respect to such Product for such country (“**Regulatory Exclusivity Term**”), or (iii) [\*] after First Commercial Sale of the applicable Product in such country (collectively, the “**Royalty Term**”). For clarity, GSK shall not owe royalties on Products sold in a country after expiration of the Royalty Term for such Product in such country; and Net Sales of Products in a country after the applicable Royalty Term in such country shall not be included for purposes of determining the tier of Base Royalty Rate or Floor Royalty Rate to be used for calculating royalties as described in Section 8.3(a) for other Products or countries.

(f) **Royalty Floor.** Notwithstanding the foregoing, in no event shall the cumulative amount of all reductions applicable to any Product or Compound for a Collaboration Program in any country for a particular royalty tier pursuant to this Section 8.5 reduce the amount of royalties under Section 8.5(b) above with respect to such Product or Compound in such country to less than the Floor Royalty Rate for such royalty tier set forth in Table 5 below:

**Table 5**

<b>Portion of Total Annual Net Sales in the Territory for All Products and Compounds within a Collaboration Program</b>	<b>Floor Royalty Rate for a Collaboration Program other than an Active GSK Program</b>	<b>Floor Royalty Rate for a Collaboration Program that is an Active GSK Program</b>
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

**8.6 Royalty Payments and Reports.** All amounts payable to Lyell pursuant to Section 8.5 shall be paid in Dollars within [\*] after the end of the calendar quarter in which the applicable Net Sales were recorded. Each payment of royalties shall be accompanied by a royalty report providing a statement, on a Product-by-Product and country-by-country basis, of: (a) the amount of Net Sales of Products in the Territory during the applicable calendar quarter, (b) a calculation of the amount of royalty payment due in Dollars on such Net Sales for such calendar quarter, and (c) the amount of withholding taxes, if any, required by Applicable Law to be deducted with respect to such royalties. In addition, to the extent not otherwise described in the royalty report, GSK shall obtain and deliver to Lyell, on an [\*] basis and within [\*] of Lyell's request to provide, information as reasonably requested by Lyell that is sufficient to meet any documentation requirements imposed by regulations issued under Section 250 of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), for the treatment of an appropriate portion of such amounts as "foreign-derived deduction eligible income" within the meaning of Section 250 of the Internal Revenue Code and the regulations thereunder.

**8.7 Lyell License Agreements.**

(a) Subject to Section 8.5(b), GSK shall bear and pay to Lyell milestone payments and royalties (but not License Upfront/Maintenance Fees) owed by Lyell to a Third Party after the Effective Date for the acquisition or licensing of intellectual property rights or technology that become due under the Lyell License Agreements as a result of the manufacture, Development or Commercialization of Compounds or Products under this Agreement or GSK's other exercise of rights to such intellectual property rights or technology. GSK shall pay all such royalties together with royalties owed under Section 8.5 and 8.6 and GSK shall pay such milestone payments within [\*] after receipt of a valid invoice therefor (which such invoice Lyell may issue upon such milestone payment accruing under the applicable Lyell License Agreement). GSK shall provide written notice to Lyell within [\*] after the achievement by or on behalf of it or its Affiliates of a milestone for which a payment under a Lyell License Agreement is due to be paid by GSK, and within [\*] after the achievement of such a milestone by or on behalf of GSK's Sublicensees or their Affiliates.

(b) Without limiting Section 8.7(a) above, GSK and Lyell each acknowledge and agree that all licenses granted under this Agreement, to the extent they constitute rights under intellectual property rights or technology covered by a Lyell License Agreement, shall be subject to the relevant terms and conditions of such Lyell License Agreement (including with respect to the Prosecution, enforcement, extension or defense of any Patents licensed under such Lyell License Agreement); *provided, however*, that Lyell shall use Commercially Reasonable Efforts to obtain, prior to the Option Exercise for any applicable Collaboration Program, from the applicable Lyell Licensor a waiver in respect of this Agreement of the terms set forth in **Exhibit 8.7(b)-1** (the "**Waiver Terms**") from the Existing License Agreements set forth therein in each case to the extent such terms would otherwise be applicable to GSK as a sublicensee of intellectual property rights or technology covered by such Existing License Agreement. GSK shall not be obligated to comply with the Waiver Terms of the Existing License Agreements. Subject to the preceding sentence, GSK agrees to comply with the terms and conditions of each Lyell License Agreement to the extent required or applicable to the rights granted to GSK hereunder with respect to such intellectual property rights or technology (as of the Effective Date, such terms and conditions,

including any payment obligations, GSK will be responsible for are set forth on **Exhibit 8.7(b)-2**), and to the extent a Lyell License Agreement requires that such provisions be incorporated in a sublicense granted thereunder, such terms and conditions (other than the Waiver Terms) are hereby expressly incorporated in this Agreement by reference. Any exclusive licenses that are granted under this Agreement that constitute rights or sublicenses under such Lyell License Agreements are exclusive only to the extent of the exclusive nature of the rights granted to Lyell under such Lyell License Agreement.

(c) If Lyell in-licenses or acquires New Third Party Technology that is subject to milestone payments and royalties owed to a Third Party arising from the manufacture, Development or Commercialization of Compounds or Products or GSK's other exercise of rights to such New Third Party Technology (other than solely with respect to New Constructs for which GSK has not yet exercised its Additional Construct Opt In rights under Section 3.9(c) above) or would otherwise require GSK to comply with other obligations under such New Third Party Agreement, then Lyell shall so notify GSK and provide GSK a written description of the New Third Party Technology and the payment and other terms that would apply to GSK with respect to such New Third Party Technology Agreement. If GSK desires to include such New Third Party Technology within the Lyell Technology hereunder, GSK shall provide notice to the JSC thereof within [\*] of GSK's receipt of such description, and shall comply, and cause its Affiliates and Sublicensees to comply, with the applicable terms of such New Third Party Technology Agreement. Unless and until such time as GSK delivers to Lyell such written election notice and agreement to be bound in accordance with the foregoing within such [\*] period (or thereafter to the extent provided in Section 3.9(c) in connection with an Additional Construct Opt In for a New Construct) such New Third Party Technology and New Third Party Technology Agreement shall be deemed excluded from the Lyell Technology and Lyell License Agreements hereunder, respectively. For clarity, GSK will not be responsible for the payment of any License Upfront/Maintenance Fees.

(d) GSK may terminate its rights under any Lyell Technology covered by a Lyell License Agreement at any time by so notifying Lyell in writing and describing the Lyell License Agreement to which such termination applies, in which case the same shall be deemed excluded from the Lyell Technology, and GSK shall not be responsible for any corresponding payment or other obligations with respect to such terminated subject matter other than those which accrued prior to the date of such termination notice.

(e) Lyell shall not incorporate a New Third Party Technology into the Anti-Exhaustion Component(s) comprising any Collaboration Deliverables provided to GSK pursuant to Section 3.1(a)(v) above, unless GSK previously approved such incorporation.

**8.8 Payment Method.** All payments due under this Agreement to Lyell shall be made by bank wire transfer in immediately available funds to an account designated by Lyell. All payments hereunder shall be made in Dollars.

**8.9 Withholding Taxes.** All payments by GSK to Lyell hereunder shall be made free and clear of and without reduction for any taxes, duties or similar charges imposed by any government (other than taxes on the net income of Lyell), which shall be paid by GSK. Accordingly, if GSK is required to withhold any taxes on the amounts payable to Lyell hereunder,

GSK shall pay Lyell such additional amounts as are necessary to ensure receipt by Lyell of the full amount which GSK would have received but for the deduction on account of such withholding. GSK shall provide Lyell with official receipts issued by the appropriate governmental agency or such other evidence as is reasonably requested by Lyell to establish that such taxes have been paid. Each Party agrees to cooperate with the other Party in claiming refunds or exemptions from such deductions or withholdings under any relevant agreement or treaty that is in effect. The Parties shall discuss applicable mechanisms for minimizing such taxes to the extent possible in compliance with Applicable Law.

**8.10 Indirect Taxes.** All amounts set forth in this Agreement are exclusive of all indirect taxes (such as value added tax, sales tax, consumption tax and other similar taxes), and GSK shall be responsible for and shall pay any such taxes imposed on any payments contemplated by this Agreement. The Parties shall cooperate in accordance with Applicable Law to minimize any taxes described in this Section 8.10.

**8.11 Royalty on Sublicensee Sales.** For clarity, GSK shall have the responsibility to account for and report sales of any Product or Compound by an Affiliate or Sublicensee on the same basis as if such sales were Net Sales by GSK. GSK shall pay to Lyell such Sublicensee or Affiliate amounts when due under this Agreement.

**8.12 Foreign Exchange.** With respect to Net Sales invoiced in a currency other than Dollars, all such amounts shall be converted using a manner consistent with GSK's normal practices used to prepare its audited financial statements for external reporting purposes; *provided* that such practices use a widely accepted source of published exchange rates.

**8.13 Records.** GSK shall keep, and shall cause its Affiliates and Sublicensees to keep, complete, true and accurate books of accounts and records sufficient to determine and establish the amounts payable incurred under this Agreement (including with respect to any Lyell License Agreement), and compliance with the other terms and conditions of this Agreement. Such books and records shall be kept reasonably accessible and shall be made available for inspection for a [\*] period in accordance with Section 8.14 below.

**8.14 Inspection of GSK Records.** Upon at least [\*] notice, GSK shall permit an independent nationally recognized certified public accounting firm (subject to obligations of confidentiality to GSK), appointed by Lyell and reasonably acceptable to GSK, to inspect the audited financial records of GSK, its Affiliates and Sublicensees to the extent relating to payments to Lyell; *provided* that such inspection shall not occur more often than [\*]. Any inspection conducted under this Section 8.14 shall be at the expense of Lyell, unless such inspection reveals any underpayment of the amounts due hereunder for the audited period by at least [\*], in which case the full costs of such inspection for such period shall be borne by GSK. Any underpayment shall be paid by GSK to Lyell within [\*] with interest on the underpayment at the rate specified in Section 8.15 from the date such payment was originally due, and any overpayment shall be credited against future amounts due by GSK to Lyell or promptly refunded to GSK in the event no such future amounts are due. For clarity, such accounting firm may disclose to Lyell and its Affiliates, and Lyell and such accounting firm may disclose to the counterparties of the Lyell License Agreements, whether the reports and payments by GSK under this Agreement were correct or not and the amount of any discrepancy.

**8.15 Late Payments.** Any undisputed payments or portions thereof due hereunder that are not paid on the date such payments are due under this Agreement shall bear interest at a rate equal to [\*] above the prime rate as published by Citibank, N.A., New York, New York, or any successor thereto, at 12:01 a.m. on the [\*] in which such payments are overdue, calculated on the [\*] such payment is delinquent, compounded [\*].

**8.16 Invoicing.** To the extent an invoice is required to be submitted to GSK hereunder, such invoice shall include the information set forth in **Exhibit 8.16**.

## 9. PATENT PROSECUTION AND ENFORCEMENT

**9.1 Ownership of Information and Inventions.** Inventorship of intellectual property will be determined in accordance with Applicable Laws relating to inventorship set forth in the U.S. Patent laws for all purposes under this Agreement, and such principles of inventorship shall be used to determine whether a Party solely, or the Parties jointly, discovered, invented or created any intellectual property arising as a result of the performance of its or their obligations under this Agreement. Notwithstanding the foregoing, except as set forth in Section 7.4: (a) each Party will own all inventions (and all Patent and other intellectual property rights therein) solely invented by or on behalf of it or its Affiliates and/or their respective employees, agents and independent contractors in the course of conducting its activities under this Agreement (collectively, “**Sole Inventions**”); and (b) all inventions invented jointly by employees, Affiliates, agents or independent contractors of each Party in the course of conducting its activities under this Agreement and all Patent and other intellectual property rights therein (collectively, “**Joint Inventions**”) will be jointly owned by the Parties. Subject to any license grants provided or restrictions identified under this Agreement, each Party will be entitled to practice, license and otherwise exploit Joint Inventions without restriction or consent of the other or an obligation to account to the other Party, and each Party hereby waives any right it may have under the laws of any jurisdiction to require any such consent or accounting. Subject to a Party’s obligations under applicable terms of this Agreement (*e.g.*, licenses granted hereunder, confidentiality obligations, etc.) with respect to same, any Information generated during or resulting from a Party’s activities under this Agreement may be used by such Party for any purpose. This Agreement will be understood to be a joint research agreement under 35 U.S.C. §103(c)(3) entered into for the purpose of researching, identifying and developing Compounds and Products and other inventions under the terms set forth herein.

### 9.2 Prosecution of Product Specific Patents.

(a) For each Collaboration Program, Lyell shall file in the Major Markets one or more Product Specific Patents. Lyell shall provide GSK with a draft of each such application at least [\*] prior to filing to give GSK a reasonable opportunity to review and comment on any such application proposed to be sent to any patent office. Lyell shall consider in good faith GSK’s comments on such draft applications to the extent such applications pertain to Compounds and Products. Promptly after filing such patent application, Lyell shall provide GSK a copy of each such application as filed, together with notice of its filing date and serial number. After such patent application is so filed, it shall be deemed a Product Specific Patent and Prosecution of such patent application shall be handled thereafter by GSK as set forth in Section 9.2(b) below (or by Lyell to the extent set forth in the last sentence of Section 9.2(b)).

(b) Following the initial filing by Lyell under Section 9.2(a), GSK will have the first right, but not the obligation, to further draft, file, prosecute and maintain (including any oppositions, interferences, reissue proceedings, reexaminations and post-grant proceedings) in all jurisdictions in the Territory (such activities with respect to Patents being the “**Prosecution**”, with the term “**Prosecute**” having the corresponding meaning) the Product Specific Patents for such Collaboration Program at its expense. GSK will provide Lyell reasonable opportunity to review and comment on such Prosecution efforts regarding such Product Specific Patent, and Lyell will provide GSK reasonable assistance in such efforts. GSK will provide Lyell with a copy of all material communications from any patent authority in the applicable jurisdictions regarding such Product Specific Patent being Prosecuted by GSK, and will provide Lyell drafts of any filings or responses to be made to such patent authorities reasonably well in advance of submitting such filings or responses so that Lyell may have an opportunity to review and comment thereon. GSK shall consider in good faith any comments of Lyell and GSK shall incorporate Lyell’s comments to the extent they are directed to removing subject matter beyond the composition of matter or formulation of, or any method of making or using, a Collaboration Anti-Exhaustion Component as incorporated into a Product for such Collaboration Program. GSK shall not Prosecute or amend any Product Specific Patent in a manner to cause it to no longer be a Product Specific Patent, and shall use reasonable efforts to obtain and maintain broad issuance of the Product Specific Patents. If GSK determines in its sole discretion to: (i) abandon, cease Prosecution of or otherwise not file or maintain any such Product Specific Patents in any jurisdiction, or (ii) to abandon any subject matter or claims in any Patent within such Product Specific Patents, then GSK will provide Lyell written notice of such determination at least [\*] before any deadline for taking action to avoid abandonment (or other loss of rights) and will provide Lyell with the opportunity to Prosecute such Product Specific Patent in such jurisdiction or, in the case of subject matter or claims, to file such subject matter or claims through a divisional or continuation Patent (or foreign equivalent thereof) of such Product Specific Patent and thereafter such Patent (and any continuation or divisional thereof) shall cease to be a Product Specific Patent and GSK’s rights therein under Section 7.1(a) shall become nonexclusive.

(c) **Patent Term Extensions.** The Parties will confer regarding the desirability of seeking in any country in the Territory any patent term extension, supplemental patent protection or related extension of rights with respect to the Product Specific Patents. GSK shall have the sole right, but not the obligation, to apply for any such extension or protection with respect to the Product Specific Patents. Without limiting the foregoing, Lyell covenants that it will not seek patent term extensions, supplemental protection certificates, or similar rights or extensions for the Product Specific Patents without the prior written consent of GSK, not to be unreasonably withheld. Each Party will cooperate fully with and provide all reasonable assistance to the other Party and use all reasonable efforts consistent with its obligations under Applicable Law (including any applicable consent order or decree) in connection with obtaining any such extensions for the Product Specific Patents consistent with such strategy. To the extent reasonably and legally required in order to obtain any such extension in a particular country, each Party will make available to the other a copy of the necessary documentation to enable such other Party to use the same for the purpose of obtaining the extension in such country.

### 9.3 Prosecution of Other Patents.

(a) **GSK Patents.** GSK will have the sole right and authority with respect to GSK Patents in any jurisdiction, including Prosecution. GSK will be responsible for all costs incurred by it in the course of Prosecuting and enforcing such GSK Patents.

(b) **Lyell Patent Rights.** As between the Parties, Lyell will have the sole right and authority, but not the obligation, to Prosecute in all jurisdictions all Lyell Patent Rights other than the Product Specific Patents ("**Other Lyell Patents**"). Lyell will be responsible for all costs incurred by it in the course of Prosecuting such Other Lyell Patents.

(c) **General Tools Patents.** As between the Parties, Lyell will have the sole right and authority with respect to Patents covering the General Tools in any jurisdiction, including Prosecution and enforcement. Lyell will be responsible for all costs incurred by it in the course of Prosecuting and enforcing such General Tools Patents.

### 9.4 Infringement of Lyell Patent Rights by Third Parties.

(a) **Notification.** The Parties will promptly notify each other of any actual, threatened, alleged or suspected infringement by a Third Party (an "**Infringement**") of the Product Specific Patents with respect to any T-Cell Therapy directed to a Collaboration Target in the Territory of which it becomes aware, and will provide evidence in such Party's possession demonstrating such Infringement. A notice under 42 U.S.C. 262(l) (however such section may be amended from time to time during the Term) with respect to a Product will be deemed to describe an act of Infringement, regardless of its content. Each Party will notify and provide the other Party with copies of any allegations of patent invalidity, unenforceability or non-infringement of any Product Specific Patents Covering a Compound or Product (including methods of use or manufacture thereof). Such notification and copies will be provided by the Party receiving such certification to the other Party as soon as practicable and, unless prohibited by Applicable Law, at least within [\*] after the receiving Party receives such certification.

(b) **Infringement of Product Specific Patents.** During the term of a Collaboration Program, GSK will have the first right, but not the obligation, to bring and control, at its expense, an appropriate suit or other action before any government or private tribunal against any person or entity allegedly engaged in any Infringement (an "**Infringement Action**") of any Product Specific Patent in the Territory to remedy the Infringement (or to settle or otherwise secure the abatement of such Infringement) with respect to any T-Cell Therapy that is directed to the Collaboration Target of such Collaboration Program in the Territory ("**Product Specific Infringement Action**"). The foregoing right of GSK shall include the right to perform all actions of a reference product sponsor set forth in 42 U.S.C. 262(l), excluding, for clarity, listing or enforcing any Other Lyell Patent in connection with the process described in 42 U.S.C. 262(l) without Lyell's prior written consent. Lyell will have the right, at its own expense and by counsel of its choice, to be represented in any Product Specific Infringement Action. At GSK's request, Lyell will join any Product Specific Infringement Action as a party and will use reasonable efforts (at GSK's expense) to cause any applicable Lyell Licensor to join such Product Specific Infringement Action as a party (all at GSK's expense) if doing so is necessary for the purposes of establishing standing or is otherwise required by Applicable Law to pursue such Product Specific



Infringement Action. GSK will have a period of [\*] after its receipt or delivery of notice and evidence pursuant to Section 9.4(a) to elect to so enforce such Product Specific Patents in the applicable jurisdiction (or to settle or otherwise secure the abatement of such Infringement); *provided, however*, that such period will be more than [\*] to the extent Applicable Law prevents earlier enforcement of such Product Specific Patents (such as the enforcement process set forth in 42 U.S.C. 262(l)) and such period will be less than [\*] to the extent that a delay in bringing an action to enforce the applicable Product Specific Patents against such alleged Third Party infringer would limit or compromise the remedies (including monetary and injunctive relief) available against such alleged Third Party infringer. In the event GSK does not so elect (or settle or otherwise secure the abatement of such Infringement) within the aforementioned period of time or [\*] before the time limit, if any, for the filing of a Product Specific Infringement Action, whichever is sooner, it will so notify Lyell in writing and in the case where Lyell then desires to commence a suit or take action to enforce the applicable Product Specific Patents with respect to such Infringement in the applicable jurisdiction, the Parties will confer and upon GSK's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), Lyell will have the right to commence and control such a suit or take such action to enforce the applicable Product Specific Patents, at Lyell's expense. Each Party will provide to the Party enforcing any such rights under this Section 9.4(b) reasonable assistance in such enforcement, at such enforcing Party's request and expense, including joining such action as a party plaintiff if required by Applicable Law to pursue such action. The enforcing Party will keep the other Party regularly informed of the status and progress of such enforcement efforts, and will reasonably consider the other Party's comments on any such efforts.

(c) **Settlement.** Without the prior written consent of the other Party (not to be unreasonably withheld, conditioned or delayed), neither Party will settle any Product Specific Infringement Action in any manner that would adversely affect a Product Specific Patent (including by admitting the invalidity or unenforceability of such Product Specific Patent), that imposes on the other Party restrictions or obligations or that would limit or restrict the ability of GSK (or its Affiliates or Sublicensees, as applicable) to sell Products anywhere in the Territory.

(d) **Expenses and Recoveries.** A Party bringing a Product Specific Infringement Action under this Section 9.4 against any Third Party engaged in Infringement of the Product Specific Patents will be solely responsible for any expenses incurred by such Party as a result of such Product Specific Infringement Action. If such Party recovers monetary damages from such Third Party in such Product Specific Infringement Action, such recovery will first be applied to all out-of-pocket costs and expenses incurred by the Parties in connection therewith, including attorneys' fees. If such recovery is insufficient to cover all such costs and expenses of both Parties, it will be shared pro-rata in proportion to the relative amount of such costs and expenses incurred by each Party. If after such reimbursement any funds remain from such damages, such funds will be shared as follows: (i) if GSK is the Party bringing such Product Specific Infringement Action, such remaining funds will be [\*], and (ii) if Lyell is the Party bringing such Product Specific Infringement Action, such remaining funds will be [\*].

#### **9.5 Infringement of Other Lyell Patents.**

(a) Lyell will have the sole right, but not the obligation, to bring at its expense an Infringement Action against any Third Party allegedly engaged in any Infringement of any

Other Lyell Patent. Lyell will have the sole discretion to elect to so enforce such Lyell Patent Rights (or to settle or otherwise secure the abatement of such Infringement). In the event Lyell does not so elect (or settle or otherwise secure the abatement of such Infringement) with respect to any Infringement with respect to a Third Party T-Cell Therapy that is directed to a Collaboration Target in the Territory, it will so notify GSK in writing and in the case where GSK then desires to commence an Infringement Action to enforce the applicable Other Lyell Patents with respect to such Infringement, the Parties will confer and upon Lyell's prior written consent GSK will have the right to commence and control such an Infringement Action to enforce the applicable Other Lyell Patent against such Infringement, at GSK's expense. Lyell will have the right, at its own expense and by counsel of its choice, to be represented in any such Infringement Action with respect to an Other Lyell Patent commenced or controlled by GSK. Each Party will provide to the Party enforcing any such rights under this Section 9.5(a) reasonable assistance in such enforcement, at such enforcing Party's request and expense, including joining such action as a party plaintiff if required by Applicable Law to pursue such action. The enforcing Party will keep the other Party regularly informed of the status and progress of such enforcement efforts, and will reasonably consider the other Party's comments on any such efforts, in each case to the extent the Infringement is with respect to a T-Cell Therapy that is directed to a Collaboration Target in the Territory.

(b) Without the prior written consent of the other Party (not to be unreasonably withheld, conditioned or delayed), the other Party will not settle any Infringement Action enforcing Other Lyell Patents with respect to a T-Cell Therapy directed to a Collaboration Target in the Territory in any manner that would limit or restrict the ability of a Party (or its Affiliates or sublicensees, as applicable) to sell Products in the Territory, and without the prior written consent of the Lyell, GSK will not settle any Infringement Action related to Other Lyell Patents in any manner that would adversely affect such Other Lyell Patents (including by limiting the scope, or admitting the invalidity or unenforceability, of such Other Lyell Patent) or that imposes on Lyell restrictions or obligations.

(c) A Party bringing an Infringement Action under Section 9.5(a) against any Third Party engaged in Infringement of any Other Lyell Patent will be solely responsible for any expenses incurred by such Party as a result of such Infringement Action. If such Party recovers monetary damages from such Third Party in such Infringement Action against Infringement with respect to a T-Cell Therapy that is directed to a Collaboration Target in the Territory, such recovery will be shared as follows: (i) if GSK is the Party bringing such Infringement Action, such remaining funds will be shared at the rate of [\*] for GSK and [\*] for Lyell, and (ii) if Lyell is the Party bringing such Infringement Action, such remaining funds will be shared in the ratio of [\*] for Lyell and [\*] for GSK. For clarity, neither Party shall have any obligation to share any amount of recoveries remaining after reimbursing out-of-pocket costs and expenses incurred by the other Party in connection with assisting such Party, to the extent such recoveries do not arise from Infringement by a T-Cell Therapy that is directed to a Collaboration Target in the Territory.

#### **9.6 Reexaminations, Oppositions and Related Actions.**

(a) The Parties will promptly notify each other in the event that any Third Party files, or threatens to file, any paper in a court, patent office or other government entity, seeking to invalidate, reexamine, oppose or compel the licensing of any Lyell Patent Right or Product Specific Patent (any such Third Party action being a "**Patent Challenge**").

(b) GSK will have the first right to bring and control, at its expense, any effort in defense of such a Patent Challenge against a Product Specific Patent, except in the case where such Patent Challenge is made in connection with an Infringement Action in which case the enforcing Party in the Infringement Action will have the first right to bring and control the defense of such Patent Challenge and such Patent Challenge will be considered part of the Infringement Action under this Article 9. In the case where GSK controls the defense of such Patent Challenge, Lyell will have the right, at its own expense and by counsel of its choice, to be represented in any such effort. If GSK fails to take action to defend such Patent Challenge within [\*] of the time limit for bringing such defense (or within such shorter period to the extent that a delay in bringing such defense would limit or compromise the outcome of such defense of such Patent Challenge), then Lyell will have the right, but not the obligation, to bring and control any effort in defense of such Patent Challenge at its own expense.

(c) Lyell will have the first right to bring and control, at its expense, any effort in defense of such a Patent Challenge related to any Other Lyell Patent (including, for clarity, any challenge by a Third Party with respect to an Other Lyell Patent in connection with the process described in 42 U.S.C. 262(l)), except in the case where such Patent Challenge is made in connection with an Infringement Action in which case the enforcing Party in the Infringement Action will have the first right to bring and control the defense of such Patent Challenge and such Patent Challenge will be considered part of the Infringement Action under this Article 9.

**9.7 Licensor Rights to Prosecute, Enforce, Extend or Defend.** To the extent that a Third Party licensor of Lyell has retained any right to Prosecute, enforce, extend or defend any Patent within the Lyell Patent Rights licensed to Lyell pursuant to a Lyell License Agreement, or otherwise be involved in such activities, the rights and obligations under Article 9 shall be subject and subordinate to such rights and Lyell will not be deemed to be in breach of Article 9 as a result thereof. In such event, the Patent Contacts of each Party shall cooperate to provide each Party with the benefits of this Article 9 as is reasonably practical consistent with the rights of such Third Party licensor.

**9.8 Patent Contacts.** Each Party will designate patent counsel representatives who will be responsible for coordinating the activities between the Parties in accordance with this Article 9 (each a “**Patent Contact**”). Each Party will designate its initial Patent Contact within [\*] following the Effective Date and will promptly thereafter notify the other Party of such designation. If at any time a vacancy occurs for any reason, the Party that appointed the prior incumbent will as soon as reasonably practicable appoint a successor. Each Party will promptly notify the other Party of any substitution of another person as its Patent Contact. The Patent Contacts will, from time to time, coordinate the respective patent strategies of the Parties relating to this Agreement.

**9.9 Further Action.** Each Party will, upon the reasonable request of the other Party, provide such assistance and execute such documents as are reasonably necessary for such Party to exercise its rights and perform its obligations pursuant to this Article 9; *provided, however*, that neither Party will be required to take any action pursuant to Article 9 that such Party reasonably determines in its sole judgment and discretion conflicts with or violates any applicable court or government order or decree or Applicable Law.

## 10. TRADEMARKS

**10.1 Product Trademarks.** As between the Parties, GSK shall have the sole right and responsibility for the selection (including the creation, searching and clearing), registration, maintenance, policing and enforcement of all trademarks developed for use in connection with the marketing, sale or distribution of Products in the Field in the Territory (the “**Product Marks**”).

**10.2 Use of Name.** Neither Party shall, without the other Party’s prior written consent, use any trademarks or other marks of the other Party (including the other Party’s corporate name), advertising taglines or slogans confusingly similar thereto, in connection with such Party’s marketing or promotion of Products under this Agreement or for any other purpose, except as may be expressly authorized in writing in connection with activities under this Agreement and except to the extent required to comply with Applicable Law.

## 11. EXCLUSIVITY

**11.1 Lyell Exclusivity.** Lyell will not work with any Third Party for the purpose of Development or Commercialization of (a) a CAR T-Cell Therapy anywhere in the world (other than for China with respect to CAR T-Cell Therapies that are not directed to a Target for an Active GSK Program) during the period beginning on the Effective Date and ending upon [\*] (i) [\*] after the Effective Date and (ii) the date when the [\*] CAR-T Target is added as a Collaboration Target; or (b) a TCR T-Cell Therapy anywhere in the world (other than for China with respect to TCR T-Cell Therapies that are not directed to a Target for an Active GSK Program) during the period beginning on the Effective Date and ending upon the [\*] (i) [\*] after the Effective Date and (ii) the date when the [\*] TCR Target is added as a Collaboration Target; *provided* that this Section 11.1 (A) shall not apply to T-Cell Therapies directed to any Excluded Target (subject to GSK’s reserved rights, and Lyell’s obligations, with respect to the Substitution Target pursuant to Section 3.1(a)(i)(1)), Lyell Advanced CAR-T Targets, or Lyell’s activities permitted under Section 3.9(d), and (B) shall not restrict Lyell from working with contractors or clinical sites by or for the benefit of Lyell or from working with research institutions (including universities and research centers such as the Fred Hutchinson Cancer Research Center) and provided, in the case of this clause (B), such Third Parties are not granted any commercialization rights with respect to such Lyell Technology.

**11.2 Program Exclusivity.** On a Collaboration Program-by-Collaboration Program basis, during the [\*] for a Collaboration Program, Lyell and any of its Affiliates shall not, directly or indirectly, conduct any research, development and/or commercialization activities with respect to any T-Cell Therapy directed to such Collaboration Program’s Collaboration Target for the Territory, except to the extent expressly permitted pursuant to this Agreement. “[\*]” means, with respect to a Collaboration Program, the period beginning upon [\*] and ending upon [\*].

## 12. CONFIDENTIALITY

**12.1 Confidentiality.** Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the Parties, each Party (the “**Receiving Party**”) agrees that it shall

keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement (which includes the exercise of any rights or the performance of any obligations hereunder) any Confidential Information furnished to it by the other Party (the “**Disclosing Party**”) pursuant to this Agreement except for that portion of such Information that the Receiving Party can demonstrate by competent written proof:

- (a) was already known to the Receiving Party or any of its Affiliates, other than under an obligation of confidentiality, at the time of disclosure by the other Party;
- (b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party;
- (c) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the Receiving Party in breach of this Agreement;
- (d) is subsequently disclosed to the Receiving Party or any of its Affiliates by a Third Party without obligations of confidentiality with respect thereto; or
- (e) is subsequently independently discovered or developed by the Receiving Party or its Affiliate without the aid, application, or use of Confidential Information of the Disclosing Party, as demonstrated by documented evidence prepared contemporaneously with such independent development.

**12.2 Authorized Disclosure.** Each Party may disclose Confidential Information belonging to the other Party to the extent such disclosure is necessary or reasonably useful in the following situations:

- (a) filing or prosecuting Patents in accordance with Article 9;
- (b) subject to Section 12.3, regulatory filings and other filings with Governmental Authorities (including Regulatory Authorities), in the exercise of rights granted herein, or as otherwise required in connection with any filing, application or request for Regulatory Approval; *provided, however*, that reasonable measures will be taken to assure confidential treatment of such information;
- (c) prosecuting or defending litigation;
- (d) subject to Section 12.3, complying with Applicable Law, including regulations promulgated by securities exchanges;
- (e) disclosure to its Affiliates, employees, agents, independent contractors, licensors and licensees (including sublicensees) on a reasonable need-to-know basis, solely in connection with the exercise of rights or performance of obligations under this Agreement; *provided* that the Party making such disclosure shall use reasonable efforts to maintain the confidentiality thereof, but in any event such Party shall use no less efforts than such Party uses to maintain confidentiality of its own information of a similar nature to such Confidential Information;

(f) disclosure of this Agreement (including its material terms) to a bona fide potential or actual investor, stockholder, investment banker, acquirer, or merger partner, and others on a reasonable need-to-know basis; *provided* that each disclosee must be bound by appropriate obligations of confidentiality; *provided* a copy of this Agreement would not be disclosed to a GSK Competitor until a bona fide offer (e.g., in each instance with respect to such GSK Competitor, a co-signed term sheet or a mutually agreed letter of intent or non-binding offer letter, which in each case does not need to be legally binding) is provided.

(g) disclosure of the stage of Development of Products under this Agreement and blinded data generated under this Agreement to a bona fide potential or actual investor, stockholder, investment banker, acquirer, merger partner or other bona fide potential or actual business partner (but without limiting or modifying Lyell's obligations with respect to a Target Rejection Prohibition or under Article 11); *provided* that each disclosee must be bound by obligations of confidentiality and non-use at least as equivalent in scope as and no less restrictive than those set forth in this Article 12 prior to any such disclosure and where "blinded" means that technical details of the Product and Compound, and the identity of the Collaboration Target, are not disclosed and such disclosure is made in a manner that does not reasonably allow the recipient to identify the Product, Compound or Collaboration Target or GSK's identity;

(h) disclosure pursuant to Section 12.5.

Notwithstanding the foregoing, in the event a Party is required to make a disclosure of the other Party's Confidential Information pursuant to Sections 12.2(a), 12.2(c) or 12.2(d), it will, except where impracticable, give reasonable advance notice to the other Party of such disclosure and use reasonable efforts to secure confidential treatment of such information. Nothing in Sections 12.1 or 12.2 shall limit either Party in any way from disclosing to any Third Party such Party's U.S. or foreign income tax treatment and the U.S. or foreign income tax structure of the transactions relating to such Party that are based on or derived from this Agreement, as well as all materials of any kind (including opinions or other tax analyses) relating to such tax treatment or tax structure, except to the extent that nondisclosure of such matters is necessary in order to comply with applicable securities laws.

### **12.3 Publicity; Terms of Agreement.**

(a) The Parties agree that the material terms of this Agreement are the Confidential Information of both Parties, subject to the special authorized disclosure provisions set forth in Section 12.2 and this Section 12.3. Except as set forth in Section 12.3(b) and 12.3(c) and as the Parties may otherwise agree, each Party agrees not to issue any press release or other public announcement disclosing the terms of this Agreement or the transaction contemplated hereby without the prior written consent of the other Party. Notwithstanding the foregoing, in the event the Parties agree upon a mutual press release to announce the execution of this Agreement or other matter related to this Agreement, such press release shall be issued at a time and in a form mutually agreed upon by the Parties; thereafter, Lyell and GSK may each disclose to Third Parties the information contained in such press release (or that is thereafter publicly disclosed without breach of this Article 12), without the need for further approval by the other Party.

(b) In the case of a press release or governmental filing concerning the terms of this Agreement or the transaction contemplated hereby required by Applicable Law (where reasonably advised by the disclosing Party's counsel), the disclosing Party shall give prior advance notice of the proposed text of such release or filing to the other Party for its prior review but shall not be required to obtain approval therefor.

(c) The Parties acknowledge that either or both Parties may be obligated to file under Applicable Law a copy of this Agreement with the SEC or other Governmental Authorities. Each Party shall be entitled to make such a required filing, *provided* that it requests confidential treatment of at least the financial terms and sensitive technical terms hereof to the extent such confidential treatment is reasonably available to such Party. In the event of any such filing, each Party will provide the other Party with a copy of this Agreement marked to show provisions for which such Party intends to seek confidential treatment not less than [\*] prior to such filing (and any revisions to such portions of the proposed filing a reasonable time prior to the filing thereof), and shall reasonably consider the other Party's comments thereon to the extent consistent with the legal requirements, with respect to the filing Party, governing disclosure of material agreements and material information that must be publicly filed, and shall only disclose Confidential Information which it is advised by counsel or the applicable Governmental Authority is legally required to be disclosed. No such notice shall be required under this Section 12.3(c) if the substance of the description of or reference to this Agreement contained in the proposed filing has been included in any previous filing made by either Party hereunder or otherwise approved by the other Party.

(d) Each Party shall require each of its Affiliates and private investors to which Confidential Information of the other Party is disclosed as permitted hereunder to comply with the covenants and restrictions set forth in Sections 12.1 through Section 12.3 as if each such Affiliate and each such investor were a Party to this Agreement and shall be fully responsible for any breach of such covenants and restrictions by any such Affiliate or investor.

#### **12.4 Publications.**

(a) Neither Party shall publicly present or publish results of studies with respect to a Compound or Product carried out under this Agreement (each such presentation or publication a "**Publication**") without the opportunity for prior review by the other Party, except to the extent otherwise required by Applicable Law, in which case Section 12.3 shall apply with respect to disclosures required by the SEC or for regulatory filings. Moreover (i) except as required by Applicable Law, Lyell shall not issue a Publication with respect to Active GSK Programs except with respect to the exercise of reasonable and customary rights of academic or research institutions performing activities in connection with an Active GSK Program, in which case Lyell shall obtain review rights for the benefit of GSK (directly or indirectly through Lyell); and (ii) with respect to Publications proposed by GSK, Lyell's right to comment shall be limited to disclosures relating to the Lyell Technology included within the Collaboration Program and Lyell's Confidential Information.

(b) Without amending the restrictions set forth in Section 12.4(a), the submitting Party shall provide the other Party the opportunity to review any proposed Publication at least [\*] prior to the earlier of its presentation or intended submission for publication. The

submitting Party agrees, upon request by the other Party, not to submit or present any Publication until the other Party has had **[\*]** to comment on any material in such Publication. The submitting Party shall consider the comments of the other Party in good faith, but will retain the sole authority to submit the manuscript for Publication; *provided* that the submitting Party agrees to delay such Publication as necessary to enable the Parties to file a Patent if such Publication might adversely affect such Patent. The submitting Party shall provide the other Party a copy of the Publication at the time of the submission or presentation. Notwithstanding the foregoing, GSK shall not have the right to publish or present Lyell's Confidential Information without Lyell's prior written consent, and Lyell shall not have the right to publish or present GSK's Confidential Information without GSK's prior written consent. Each Party agrees to acknowledge the contributions of the other Party, and the employees of the other Party, in all publications as scientifically appropriate. This Section 12.4 shall not limit and shall be subject to Section 12.5.

(c) Nothing contained in this Section 12.4 shall prohibit the inclusion of information in a patent application claiming, and in furtherance of, the manufacture, use, sale or formulation of a Compound or Product, *provided* that the non-filing Party is given a reasonable opportunity to review, comment upon and/or approve the information to be included prior to submission of such patent application, where and to the extent required by Article 9 and Section 12.2 hereof. Notwithstanding the foregoing, the Parties recognize that independent investigators have been engaged, and will be engaged in the future, to conduct Clinical Trials or other studies of Compounds and Products. The Parties recognize that such investigators operate in an academic environment and may release information regarding such Clinical Trials or studies in a manner consistent with academic standards; *provided* that each Party will use reasonable efforts to prevent publication prior to the filing of relevant patent applications and to ensure that no Confidential Information of either Party is disclosed.

**12.5 Publication and Listing of Clinical Trials.** Subject to Lyell's right to review and comment as described in Section 12.4, GSK shall have the right at any time after exercise of each Option for a Collaboration Program, during and after the Term, to (a) publish the clinical results or summaries of clinical results of all GSK sponsored or GSK supported (outside of this Agreement) Clinical Trials conducted with respect to a Product for such Collaboration Program in any Clinical Trial register maintained by GSK or its Affiliates and the protocols of such Clinical Trials relating to such Product on [www.ClinicalTrials.gov](http://www.ClinicalTrials.gov) or in each case publish the results, summaries and protocols of such Clinical Trials on such other websites or repositories and at scientific congresses and in a peer-reviewed journal within such timescales as required by Applicable Law or GSK's or its Affiliates' standard operating procedures, irrespective of the outcome of such Clinical Trials; (b) make patient level data from such Clinical Trials conducted with respect to a Product for such Collaboration Program available under the GSK Data Sharing Initiative; and (c) publish the status of each Product for such Collaboration Program in its annual and quarterly reports and any other updates regarding GSK's research and development pipeline. Each such publication or disclosure made in accordance with this Section 12.5 shall not be a breach of the confidentiality obligations provided in this Article 12, and GSK shall be entitled to maintain or effect such publication or disclosure even following any termination of GSK's rights in respect of the relevant Product. Any disclosure made under this Section 12.5 shall not include any Confidential Information of Lyell other than Confidential Information to the extent comprising clinical results of a Product for which GSK has exercised its Option for the applicable Collaboration Program (including with respect to any Additional Constructs for which GSK exercised Additional Construct Opt In), without the prior written consent of Lyell.



**12.6 Termination of Prior CDA.** This Agreement terminates, as of the Effective Date, the Prior CDA. All Information exchanged between the Parties under the Prior CDA shall be deemed Confidential Information of the corresponding Party under this Agreement (with the mutual understanding and agreement that any use or disclosure thereof that is authorized under Article 12 shall not be restricted by, or be deemed a violation of, such Prior CDA) and shall be subject to the terms of this Article 12.

### 13. TERM AND TERMINATION

**13.1 Term.** This Agreement shall become effective on the Effective Date and, unless earlier terminated pursuant to this Article 13 shall continue, on a Collaboration Program-by-Collaboration Program basis, until the end of each applicable Royalty Term (the “**Term**”).

**13.2 Termination by GSK at Will.** GSK may terminate this Agreement as a whole or on a Collaboration Program-by-Collaboration Program basis, effective upon [\*] prior written notice to Lyell in the case where Regulatory Approval has not been obtained for any applicable Product in either the U.S. or the EU, or upon [\*] prior written notice to Lyell in the case where Regulatory Approval has been obtained in either the U.S. or the EU for an applicable Product.

#### 13.3 Termination by Either Party for Breach.

(a) **Breach.** Either Party may terminate this Agreement in whole or with respect to a Collaboration Program as to the entire Territory, in the event the other Party materially breaches this Agreement, and such breach shall have continued for [\*] (or, if such default cannot be cured within such [\*] period, if the alleged breaching Party has not commenced and diligently continued good faith efforts to cure such breach, but in no case longer than [\*] after notice) after written notice shall have been provided to the breaching Party by the non-breaching Party requiring such breach to be remedied and stating an intention to terminate if not so cured (a “**Termination Notice**”). Any such termination shall become effective at the end of such [\*] period unless the breaching Party has cured any such breach prior to the expiration of the [\*] period (or, if such default cannot be cured within such [\*] period, if the breaching Party has not commenced and diligently continued good faith efforts to cure such breach, but in no case longer than [\*] after such notice).

(b) **Breach Dispute.** If the alleged breaching Party reasonably and in good faith disagrees as to the occurrence of the material breach alleged in a Termination Notice, the alleged breaching Party shall provide written notice thereof to the non-breaching Party prior to expiration of the applicable cure period under Section 13.3(a) for such alleged material breach and thereafter such dispute shall be resolved in accordance with Section 16.1(b) and, if not resolved by the JSC or Senior Executives, in binding arbitration proceedings to be conducted in accordance with Section 16.2; *provided* that such dispute, notwithstanding anything to the contrary in this Agreement, shall not be subject to, eligible for or required to have been presented for mediation proceedings under Section 16.1(c), in each case except by mutual agreement of the Parties. As of the date that the alleged breaching Party delivers to the non-breaching Party written notice

disputing such claim of material breach the applicable cure period under Section 13.3(a) for such alleged material breach shall begin to be tolled. Within [\*] following the appointment of the arbitrator(s) for any arbitration proceeding conducted pursuant to this Section 13.3(b) and Section 16.2, the arbitrator(s) shall determine whether such cure period shall continue be tolled until such time as the dispute regarding such claimed material breach has become finally settled or determined. The arbitrator(s) shall determine whether or not such tolling shall continue based on the totality of the circumstances, including, without limitation, the likelihood of a final determination by the arbitrator(s) that the alleged breaching Party is actually in material breach of this Agreement and the relative hardship on the Parties of continuing or ending such tolling. If the arbitrator(s) determines that such tolling shall continue, the non-breaching Party shall not have the right to terminate this Agreement unless and until it has been finally determined in accordance with Section 16.2 that the alleged breaching Party is in material breach of this Agreement and the breaching Party fails to cure such breach within the time period remaining in the applicable cure period as of the date of such determination. If the arbitrator(s) determine that such tolling shall not continue, then the applicable cure period shall cease to be tolled as of the date of such determination. It is understood that such determination of the arbitrator(s) under this Section 13.3(b) shall not be binding on either Party as to the question of whether the alleged breaching Party is in material breach of the Agreement and shall apply only to determine whether or not the applicable cure period should continue to be tolled as provided in this Section 13.3(b). In any case, the final determination of whether the alleged breaching Party is in material breach of this Agreement shall be determined only pursuant to Section 16.2 and no termination under Section 13.3(a) shall become effective until such determination.

**13.4 Termination by Either Party for Insolvency.** A Party shall have the right to terminate this Agreement upon written notice if the other Party incurs an Insolvency Event; *provided, however*, in the case of any involuntary bankruptcy proceeding, such right to terminate shall only become effective if the Party that incurs the Insolvency Event consents to the involuntary bankruptcy or if such proceeding is not dismissed or stayed within [\*] after the filing thereof. “**Insolvency Event**” means circumstances under which a Party (a) has a receiver or similar officer appointed over all or a material part of its assets or business; (b) passes a resolution for winding-up of all or a material part of its assets or business (other than a winding-up for the purpose of, or in connection with, any solvent amalgamation or reconstruction) or a court enters an order to that effect; (c) has entered against it an order for relief recognizing it as a debtor under any insolvency or bankruptcy laws (or any equivalent order in any jurisdiction); or (d) enters into any composition or arrangement with its creditors with respect to all or a material part of its assets or business (other than relating to a solvent restructuring).

**13.5 Termination for Patent Challenge.** Lyell may terminate this Agreement upon notice to GSK in the event that a Related Party, or any Third Party designated by a Related Party, takes any action, directly or indirectly, or knowingly provides financial or other assistance, including legal or technical advice, directly or indirectly, to any Third Party, to invalidate or challenge the validity, enforceability, or otherwise oppose, any Lyell Patent Rights that are included in the license granted to GSK under this Agreement (or any Patents licensed to Lyell under a Lyell License Agreement) in any court or tribunal or any patent office in a jurisdiction, or in any arbitration proceeding, including in connection with an opposition proceeding, re-examination or post-grant proceeding; *provided* that (i) solely with respect to Lyell Patent Rights other than Patents licensed to Lyell under a Lyell License Agreement, a Related Party acting

as a defendant in a patent infringement claim, lawsuit or other action filed or maintained by Lyell or a Third Party designated by Lyell may assert as cross-claims or counterclaims that challenges the validity or enforceability of such Lyell Patent Rights to the extent being enforced against such Related Party, and (ii) with respect to Patents licensed to Lyell under a Lyell License Agreement, a Related Party acting as a defendant in a patent infringement claim, lawsuit or other action maintained by Lyell or the Lyell Licensor may assert as a defense in such proceeding a counterclaim that challenges the validity or enforceability of such Patent to the extent being enforced against such Related Party solely to the extent and in the manner permitted by the terms of the applicable Lyell License Agreement and without giving rise to loss of rights under such Lyell License Agreement. In addition, GSK shall reimburse Lyell for any amounts that become due under the Lyell License Agreements as a result of such action or assistance by GSK, its Affiliate or Sublicensee.

**13.6 Effects of Termination.** Upon termination of this Agreement in whole or with respect to a Collaboration Program, the following shall apply with respect to the terminated Collaboration Programs (in addition to any other rights and obligations under this Agreement with respect to such termination). For clarity, termination of this Agreement in whole shall terminate all Collaboration Programs, and if at any time after the end of the [\*] there are no active Collaboration Programs or the Agreement has terminated for all Collaboration Programs, the Agreement shall be deemed to have been terminated in its entirety.

**(a) GSK Breach or Termination at Will.**

(i) Upon the effective date of the termination of a terminated Collaboration Program by GSK under Section 13.2 or by Lyell under Section 13.3, 13.4 or 13.5 (i) the Options granted to GSK in Section 3.1(b) and licenses granted to GSK in Section 7.1(a) shall terminate with respect to the Collaboration Target that is the subject of the terminated Collaboration Program (such Collaboration Target, a “**Terminated Target**”); (ii) such Terminated Target shall cease to be a Collaboration Target, the Collaboration Program for such Terminated Target (“**Terminated Program**”) shall cease to be a Collaboration Program and Compounds and Products with respect to such Terminated Target (“**Terminated Compounds**” and “**Terminated Products**”) shall cease to be Compounds and Products (which includes, for clarity, the termination of the restrictions set forth in Section 7.5 with respect to which Lyell may not cite or include in a submission to a Regulatory Authority in China any Information comprising clinical data or data generated in IND Enabling Studies, in each case generated under a Collaboration Program, [\*] without the prior written consent of GSK), in each case for all purposes of this Agreement, except for those rights and obligations expressly surviving under Section 13.9 below; *provided, however*, that (A) such Terminated Target shall continue to count towards the maximum number of Collaboration Targets that can be added pursuant to Section 3.3 and the addition back of such Terminated Target as a Collaboration Target under this Agreement shall require the mutual agreement of the Parties; and (B) the restrictions and obligations applicable to Lyell under Sections 11.1 and 11.2 shall terminate with respect to such Terminated Target and T-Cell Therapies directed to such Terminated Target.

(ii) **License.** In the event of a termination by GSK under Section 13.2 or by Lyell under Section 13.3, 13.4 or 13.5, at Lyell’s option upon notice and written request to GSK, and upon terms mutually agreed upon by the Parties as the result of good faith negotiations,

GSK shall grant to Lyell a royalty-bearing license, with the right to grant and authorize sublicenses, to make, have made, use, sell, offer for sale and import any Terminated Compound or Terminated Product (other than a Terminated Compound or Terminated Product that originated from an Active GSK Program) under Patents Controlled by GSK that Cover such Terminated Compound or Terminated Product, and any Information Controlled by GSK that previously was disclosed to Lyell specifically relating to such Terminated Compound or Terminated Product (including with respect to the manufacture, development, use or other exploitation thereof); *provided, however*, that if any such Patent or Information was in-licensed or acquired from a Third Party, and is subject to payment or other obligations to such Third Party, GSK shall disclose a description of such Patents or Information and such obligations to Lyell in writing and such Patents and Information shall be subject to the license granted in this Section 13.6(a)(ii) only to the extent Lyell agrees in writing to be bound by such obligations and reimburse or pay all amounts owed to such Third Party as a result of Lyell's exercise of such license with respect to such Patent or Information, as applicable.

**(b) Lyell Breach; Acquisition by a GSK Competitor.**

(i) In the event this Agreement is terminated in its entirety or on a Collaboration Program-by-Collaboration Program basis by GSK under Section 13.3 or Section 13.6(b)(ii) (a "**Breach Termination**"), Section 13.4, or Section 17.8(e) (a "**Competitor Acquisition Termination**"), then the following shall apply:

(1) for any such terminated Collaboration Program for which the Program Option Trigger has occurred (whether a Surviving Program or an Expired Program) and for which GSK has exercised its Option (or exercises its Option within the Exercise Period for such Collaboration Program), the rights and licenses granted to GSK under Section 7.1 shall remain in effect with respect to such Surviving Program or Expired Program, as applicable, and, further with respect to a Surviving Program, shall be perpetual from the date of termination for any such terminated Surviving Program for so long as GSK is continuing to make payments applicable thereto under Article 8;

(2) for any such terminated Collaboration Program (i.e., as used in this Agreement, a Surviving Program) for which the Program Option Trigger has not yet occurred, GSK shall have the option, by providing written notice to Lyell within [\*] of the termination of such Collaboration Program, to obtain a license (effective automatically upon such notice to Lyell) under Section 7.1 to any Collaboration Anti-Exhaustion Component developed by Lyell with respect to such Surviving Program as it then-exists as of the effective date of termination. Such license shall remain in effect for so long as GSK is continuing to make payments applicable thereto under Article 8 (treating exercise of such option as an Option Exercise), *provided that*: (A) in the event of a Competitor Acquisition Termination for such a Lyell PoC Development Program, (x) [\*] shall be reduced by [\*], and if the Parties are unable to agree on the exact amount, such amount shall be decided by [\*], (y) Academic PoC shall be deemed achieved upon Advancement of Program by or under the authority of GSK for such Surviving Program, and (z) the data required to be received under the definitions of Cancer Academic PoC or [\*] Academic PoC, as applicable, in order for achievement of Academic PoC for such Surviving Program may be from any indication that GSK elects to pursue (i.e., achievement of Academic PoC shall not be limited to be in a Prevalent Solid Tumor) and; (B) in the event of a Breach Termination of a Collaboration Program, GSK shall not be obligated to pay Lyell [\*] for such Surviving Program;

(3) with respect to the survival of Section 7.1 as set forth in Section 13.6(b)(i)(1) and Section 13.6(b)(i)(2) above, any provisions of this Agreement required to give full effect to the continued exercise of GSK's license in connection with Section 7.1 shall continue to apply. For illustrative purposes only, if the license under Section 7.1 includes Lyell Technology licensed to Lyell under an Existing License Agreement, then the provisions applicable to GSK's compliance with such Existing License Agreement (including Waiver Terms) shall continue to apply;

(4) any communications between the Parties or decisions to be made by the Parties to effectuate ongoing rights and obligations of the Parties under this Section 13.6(b) or Section 13.9 shall be carried out in accordance with Section 2.2 as if the JSC terminated with respect to any Surviving Program;

(5) in furtherance of the license grant that is continued under either Section 13.6(b)(i)(1) or Section 13.6(b)(i)(2), Lyell shall disclose to GSK the Collaboration Deliverable (as it then-exists as of the effective date of termination) for the applicable Collaboration Anti-Exhaustion Component and shall conduct a technology transfer pursuant to Section 3.1(b)(i) and Section 3.1(d) in respect of such Collaboration Program, and will transfer to GSK any other information then available as set forth in **Exhibits 1.2, 1.21, 3.1(b) and 3.1(d)** as well as any Lyell Manufacturing Technology under Section 6.2(a) to the extent not previously provided and if applicable, all as promptly as reasonably practicable;

(6) in furtherance of the license grant that is continued under either Section 13.6(b)(i)(1) or Section 13.6(b)(i)(2), the rights and obligations under Section 4.1(a) and Section 4.1(b) shall continue (including GSK's Right of Reference) and under Section 4.1(c) (solely with respect to Lyell's obligations thereunder);

(7) except with respect to the [\*] Collaboration Program, Lyell's rights to initiate Additional Development Activities under Section 3.9 with respect to such Surviving Program terminates, it being understood that Lyell's rights with respect to Additional Constructs for which the Success Criteria have been met but for which GSK did not exercise the Additional Construct Opt In shall survive;

(8) Lyell shall return or destroy (at GSK's election) any GSK Confidential Information or other GSK Materials provided to Lyell that pertain primarily to any such terminated Collaboration Program other than those necessary or reasonably useful to exercise its license in Section 7.4(b);

(9) Lyell shall promptly wind-down work with respect to any such terminated Collaboration Program, the terms and conditions of a wind-down plan to be agreed by the Parties in good faith; *provided, however*, that Lyell shall be required to complete any ongoing Clinical Trial unless determined by GSK, in its sole discretion, that any such trial can and should be terminated or transferred to GSK. This clause (9) shall not apply with respect to terminated Collaboration Programs for which the Program Option Trigger has not yet occurred

and GSK does not exercise its option described in clause (2) above (which such terminated Collaboration Programs shall be treated as terminated by GSK pursuant to Section 13.2 and Section 13.6(a)(i) shall apply);

(10) the rights and obligations in Section 12.4 survive with respect to proposed publications or presentations by GSK, but Lyell's right under Sections 12.4(a) and 12.4(b) to publicly present or publish results of studies with respect to any Surviving Program terminates other than with respect to presentations and publications by academic or research institutions pursuant to their then-existing rights, and both Parties' rights under Section 12.4(c) survive with respect to Surviving Programs;

(11) GSK will retain prosecution and enforcement rights under Article 9 for any Product Specific Patents still licensed to GSK hereunder, and Lyell will cooperate with GSK as reasonably necessary for GSK to conduct such prosecution and enforcement activities; and

(12) the restrictions and obligations applicable to Lyell under Section 3.3(g) (with respect to the [\*] Initial Collaboration Target and Monospecific Targets, including in particular the last three sentences of Section 3.3(g), to the extent such Target is the subject of a Surviving Program), Section 11.1 and 11.2 (with respect to the applicable Collaboration Targets) shall survive (for the periods set forth therein) for so long as GSK is continuing to make payments (subject to Section 13.6(b)(i)(2)) applicable thereto under Article 8. This Section 13.6(b)(i)(12) shall not apply with respect to terminated Collaboration Programs for which the Program Option Trigger has not yet occurred and GSK does not exercise its option described in Section 13.6(b)(i)(2) above or with respect to terminated Collaboration Programs for which the Program Option Trigger has occurred and GSK does not exercise its Option within the Exercise Period for such Collaboration Program.

(ii) GSK shall be entitled to terminate this Agreement upon [\*] written notice to Lyell if Lyell materially fails to perform its obligations in accordance with Section 14.2(j). Lyell shall have no claim against GSK for compensation for such termination of this Agreement by GSK in accordance with Section 13.3(b).

(c) **Return of Materials and Confidential Information.** Except with respect to any termination due to Lyell's breach and for so long as GSK is continuing to make payments due under Article 8, within [\*] after termination is effective (or after GSK ceases to make payments due under Article 8), GSK shall return to Lyell all remaining quantities of any Materials and Collaboration Deliverables provided by Lyell to GSK hereunder (including versions thereof generated by or on behalf of GSK or its Affiliate) and shall destroy all other tangible items comprising, bearing or containing any Confidential Information of Lyell that are in GSK's or its Affiliates' possession or control, to the extent such Confidential Information relates to any Terminated Compounds or Terminated Products, and provide written certification of such destruction, or prepare such tangible items of Confidential Information for shipment to Lyell, as Lyell may direct; *provided* that GSK may retain one copy of such Confidential Information solely for its legal archives, and *provided further* that GSK shall not be required to destroy electronic files containing Confidential Information that are made in the ordinary course of its business information back-up procedures pursuant to its electronic record retention and destruction practices that apply to its own general electronic files and information.

(d) **Payments.** Lyell shall remain entitled to receive payments that accrue under Article 8 above before the effective date of such termination or with respect to any continued Development or Commercialization of Products by or on behalf of a Related Party following such termination.

(e) **Transition.** Each Party will execute all documents and take, or cause to be taken, all such further actions as may be reasonably requested by the other Party in order to give effect to the terms of this Section 13.6.

**13.7 Effects of Expiration of Agreement.** With respect to each Expired Program, the Agreement will stay in full force and effect (including all rights and obligations hereunder) for so long as necessary except as modified in this Section 13.7 to allow GSK to continue to Commercialize the applicable Compound or Product from such Expired Program in the same manner after expiration as it was prior to such expiration. The following shall apply on an Expired Program-by-Expired Program basis:

(a) Upon the expiration of the Royalty Term (i.e., in the case where there is no earlier termination pursuant to this Article 13), on a Collaboration Program-by-Collaboration Program and country-by-country basis, the licenses granted to GSK under Article 7 with respect to Lyell Technology shall convert to non-exclusive, perpetual, fully paid-up, non-royalty-bearing, sublicensable licenses; and

(b) Any communications between the Parties or decisions to be made by the Parties to effectuate ongoing rights and obligations of the Parties under this Section 13.7 shall be carried out in accordance with Section 2.2 as if the JSC terminated with respect to any Expired Program.

**13.8 Other Remedies.** Termination or expiration of this Agreement for any reason shall not release either Party from any liability or obligation that already has accrued prior to such expiration or termination, nor affect the survival of any provision hereof to the extent it is expressly stated to survive such termination. Subject to and without limiting the terms and conditions of this Agreement (including Section 15.4), expiration or termination of this Agreement shall not preclude any Party from (a) claiming any other damages, compensation or relief that it may be entitled to upon such expiration or termination, (b) any right to receive any amounts accrued under this Agreement prior to the expiration or termination date but which are unpaid or become payable thereafter and (c) any right to obtain performance of any obligation provided for in this Agreement which shall survive expiration or termination.

**13.9 Survival.** Termination or expiration of this Agreement shall not affect rights or obligations of the Parties under this Agreement that have accrued prior to the date of termination or expiration of this Agreement and shall not affect any rights specifically stated in this Agreement to survive the applicable termination or expiration. In addition and notwithstanding anything to the contrary, obligations that by their nature are intended to survive expiration or termination of this Agreement (or, as applicable, intended to survive expiration or termination of the applicable

Collaboration Program) in order to give effect to the continuing rights or obligations of the Parties shall survive and apply after expiration or termination of this Agreement or an applicable Collaboration Program. Without limiting the foregoing, the following Articles and Sections will survive and apply as follows:

(a) With respect to any Surviving Program: Section 3.1(c) (solely with respect to (x) any modification or incorporation of Collaboration Anti-Exhaustion Components or Anti-Exhaustion Components within Lyell Anti-Exhaustion Technology not being made unless a plan is agreed upon by the Parties, (y) GSK's obligation to use Commercially Reasonable Efforts as set forth in Section 3.1(c) and (z) GSK's rights under the last sentence of Section 3.1(c)), Section 3.7, Section 3.8 (solely as it applies to GSK's conduct of the Surviving Program), Section 3.9(d) (solely with respect to the first sentence thereof), Article 5, Section 6.1 (solely with respect to GSK's rights as set forth therein), Section 7. 1, Section 7.2, Section 7.7, Article 8 (except (A) in the event of termination of the entire Agreement, Section 8.7(c) shall not survive, and (B) in the event of termination of a Collaboration Program but not the entire Agreement, then only the first two sentences of Section 8.7(c) shall not survive), Sections 9.2 through 9.8, Section 10. 1, Section 12.4 (but subject to Section 13.6(b)(i)(10)), Section 13.2, Sections 13.3, 13.4 and 13.6;

(b) With respect to any Expired Program: Section 13.7; and

(c) Without limiting Sections 13.9(a) or 13.9(b), further with respect to any termination or expiration: Article 1, Section 2.2 (solely with respect to the decision-making of the Parties following discontinuance of the JSC), Section 3.1(b)(iii), Section 3.1(e) (solely with respect to GSK's obligation to reimburse Lyell's costs as described therein), Section 3.4 (but only insofar as any reimbursable expenses are incurred prior to the effective date of expiration or termination), Section 3.6 (*provided* that a Party's right to use the other Party's Materials shall be limited to the exercise of rights or performance of obligations that are then surviving), Section 3.7, Section 4.1(b) (solely with respect to the last three sentences), Section 4.1(c), Section 4.2, Section 7.4(a) (with respect to any assignment obligation that accrued prior to the effective date of termination or expiration of this Agreement or the applicable Collaboration Program), Section 7.4(b) (with respect to any license granted prior to the effective date of termination or expiration of this Agreement or the applicable Collaboration Program), Section 7.5 (except as may be limited by Section 13.6(a)(i), to the extent applicable), Section 7.6, Sections 8.13 through 8.15, Section 9.1, Section 9.9 (solely with respect to the rights and obligations set forth in Article 9 that are then surviving), Section 10.2, Sections 12.1 through 12.3, Section 12.4 (subject to Section 13.6(b)(i)(10) with respect to Surviving Programs, and otherwise solely to the extent any proposed publication or presentation contains the Confidential Information of the other Party), Sections 12.5 and 12.6, Sections 13.5 and 13.6, Sections 13.8 and 13.9, Section 14.3, Article 15, Article 16 and Article 17 (other than Section 17.16). In addition, the other applicable provisions of Article 8 shall survive to the extent required to make final payments incurred or accrued prior to the date of termination or expiration.

All provisions not surviving in accordance with the foregoing shall terminate upon expiration or termination of this Agreement and be of no further force and effect. Notwithstanding anything to the contrary, (x) Section 11.1 shall not survive the expiration or termination of this Agreement in its entirety except as expressly set forth in Section 13.6(b)(i)(12), (y) on a Collaboration Program-by-Collaboration Program basis, Section 11.2 shall not survive the expiration or termination of



such Collaboration Program except as expressly set forth in Section 13.6(b)(i)(12) for a Surviving Program and (z) the prohibition on a Lyell TCR or Lyell CAR binding a certain peptide as described in the second to last sentence of the Target definition shall terminate with respect to a Collaboration Target upon the expiration or termination of Section 11.2 with respect to the Collaboration Program for such Collaboration Target.

#### 14. REPRESENTATIONS AND WARRANTIES

**14.1 Mutual Representations and Warranties.** Each Party hereby represents, warrants, and covenants (as applicable) to the other Party as follows:

(a) As of the Execution Date and the Effective Date, is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including the right to grant the licenses granted by it hereunder;

(b) As of the Execution Date and the Effective Date, it has the full corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder. It has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms;

(c) As of the Execution Date and the Effective Date, the execution, delivery and performance of this Agreement by such Party (i) are not prohibited or limited by, and shall not result in the breach of or a default under, any provision of the certificate or articles of incorporation or bylaws of such Party; (ii) do not conflict with any Applicable Law applicable to such Party; and (iii) do not conflict with, result in a breach of or constitute a default under any agreement binding on such Party or any applicable order, writ, injunction or decree of any Governmental Authority to which such Party is a party or by which such Party is bound. Such Party has not previously granted any rights in conflict with the rights and licenses granted by it herein. As of the Effective Date, except with respect to the Existing License Agreements, there are no existing agreements, options, commitments or rights with, of or to any Person to acquire or obtain any rights with respect to such Party's intellectual property rights in conflict with the rights and licenses granted by such Party herein;

(d) In the course of the development of Lyell Technology, including Lyell Anti-Exhaustion Technology, Lyell has not used prior to the Execution Date and neither Party shall use, during the Term, any employee, agent or independent contractor who has been debarred by any Regulatory Authority, or, to the best of such Party's knowledge, is the subject of debarment proceedings by a Regulatory Authority;

(e) It has not, and will not, after the Execution Date and during the Term, grant any right to any Third Party that would conflict with the rights granted to the other Party hereunder; and

(f) Except for any filings that may be required to comply with the HSR Act or with respect to Regulatory Authorities to perform the transactions contemplated hereby, it is not and will not be required to give any notice to any Governmental Authority or obtain any approval in connection with the execution and delivery of this Agreement or the consummation or performance of any of the transactions contemplated hereby.

**14.2 Representations and Warranties and Covenants by Lyell.** Lyell hereby represents and warrants and, where denoted below, covenants to GSK as follows:

(a) As of the Execution Date and the Effective Date, Lyell has the full right and authority to grant the rights and licenses as provided herein;

(b) As of the Execution Date and the Effective Date, Lyell has not previously granted any right, license or interest in or to the Lyell Technology that is in conflict with the rights or licenses granted to GSK under this Agreement;

(c) Lyell has provided GSK or its external legal counsel with true and complete copies of all Existing License Agreements, including all modifications or amendments thereto as of the Execution Date and the Effective Date;

(d) As of the Execution Date, there are no actual, pending, alleged or threatened actions, suits, claims, interferences or governmental investigations involving the Lyell Patents Rights or the Lyell Know-How by or against Lyell or any of its Affiliates;

(e) To Lyell's knowledge as of the Execution Date, none of the issued Lyell Patent Rights are invalid or unenforceable;

(f) As of the Execution Date and the Effective Date, Lyell and its Affiliates are in compliance in all material respects with each Existing License Agreement, and have performed all material obligations required to be performed by them to date under each Existing License Agreement;

(g) To Lyell's knowledge as of the Execution Date, the conduct of the Lyell Development Programs by or on behalf of Lyell (i) has not infringed, does not infringe and will not infringe any issued Patents owned by any Third Party, and (ii) has not misappropriated, does not misappropriate and will not misappropriate any proprietary materials, trade secrets, Information or other non-Patent intellectual property rights owned by any Third Party;

(h) Lyell and its Affiliates will respect the human rights of its staff and will not employ child labor, forced labor, unsafe working conditions, or cruel or abusive disciplinary practices in the workplace and it will not discriminate against any workers on any ground (including race, religion, disability, gender, sexual orientation or gender identity). Lyell and its Affiliates will pay each employee at least the minimum wage, provide each employee with all legally mandated benefits, and comply with the Applicable Laws on working hours and employment rights in the countries in which it operates. Lyell shall be respectful of its employee's right to freedom of association;

(i) Lyell will not use any human embryonic or fetal derived material (including cell lines) in connection with the Lyell Development Programs or Additional Development Activities without the express prior written approval of GSK. Lyell and its Affiliates comply with and will continue to comply with all Applicable Laws relating to the collection, storage, use and disposal of Human Biological Samples to be used in the Lyell Development Programs and appropriate and adequate consent or ethics committee approval has been or will be obtained in respect of all Human Biological Samples to be collected, transferred, stored, used and disposed of for the purpose of the Lyell Development Programs or Additional Development Activities by Lyell;

(j) Lyell shall comply with Applicable Laws relating to anti-corruption and anti-bribery. Lyell has not prior to the Execution Date, and will not, in connection with the performance of this Agreement, directly or indirectly, make, promise, authorize, ratify or offer to make, or take any act in furtherance of any payment or transfer of anything of value for the purpose of influencing, inducing or rewarding any act, omission or decision to secure an improper advantage, or improperly assisting Lyell or GSK in obtaining or retaining business, or in any way with the purpose or effect of public or commercial bribery. Lyell will use Commercially Reasonable Efforts to prevent subcontractors, agents or any other Third Parties, subject to its control or determining influence, from doing any of the foregoing activities. For the avoidance of doubt, the foregoing activities include facilitating payments, which are unofficial, improper, small payments or gifts offered or made to Government Officials to secure or expedite a routine or necessary action to which Lyell or GSK are legally entitled; and

(k) Lyell shall comply with the Animal Research Policy set forth in **Exhibit 14.2(k)** in connection with the Lyell Development Programs.

**14.3 No Other Representations or Warranties.** EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 14 OR ELSEWHERE IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, OR THAT ANY OF THE DEVELOPMENT OR COMMERCIALIZATION EFFORTS WITH REGARD TO ANY COMPOUND OR PRODUCT WILL BE SUCCESSFUL, IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

## 15. INDEMNIFICATION AND LIMITATION OF LIABILITY

**15.1 Indemnification by Lyell for Third Party Claims.** Lyell shall defend, indemnify, and hold GSK, its Affiliates, and their respective officers, directors, employees, and agents (the “**GSK Indemnitees**”) harmless from and against any and all damages or other amounts payable to a Third Party claimant, as well as any reasonable attorneys’ fees and costs of litigation incurred by such GSK Indemnitees (collectively, “**GSK Damages**”), all to the extent resulting from any claims, suits, proceedings or causes of action brought by such Third Party (collectively, “**GSK Claims**”) against such GSK Indemnitee that arise out of or result from (or are alleged to arise out

of or result from): (a) a material breach of any of Lyell's representations, warranties, covenants and obligations under this Agreement; (b) the gross negligence or willful misconduct of any Lyell Indemnitees or its Affiliates; (c) any breach by Lyell or its Affiliates of, or any failure by Lyell or its Affiliates, or their respective contractors or agents, to perform, observe or comply with any of the provisions of, a Lyell License Agreement; (d) the Development, manufacture, storage, handling, use, sale, offer for sale and importation of any Lyell Technology or compounds or products comprising or incorporating Lyell Technology by Lyell or its Affiliates or their respective contractors or agents, anywhere in the world, in exercise of Lyell's rights under this Agreement in China; (e) the Development, manufacture, storage, handling or use of any Lyell Technology by Lyell or its Affiliates or their respective contractors or agents, excluding GSK Claims arising from the activities described in clause (a) of Section 15.2; or (f) with respect to the Existing License Agreements, Lyell's failure to modify or obtain waivers of the Waiver Terms of the Existing License Agreement in accordance with Section 8.7(b). The foregoing indemnity obligation shall not apply to the extent that any GSK Claim is subject to indemnity pursuant to Section 15.2 or is based on or alleges a breach by GSK or its Affiliates of an obligation under an agreement between GSK or its Affiliates and a Third Party.

**15.2 Indemnification by GSK for Third Party Claims.** GSK shall defend, indemnify, and hold Lyell, its Affiliates, and each of their respective officers, directors, employees, and agents and the Existing Third Party Licensor, (the "**Lyell Indemnitees**") harmless from and against any and all damages or other amounts payable to a Third Party claimant, as well as any reasonable attorneys' fees and costs of litigation incurred by such Lyell Indemnitees (collectively, "**Lyell Damages**"), all to the extent resulting from any claims, suits, proceedings or causes of action brought by such Third Party (collectively, "**Lyell Claims**") against such Lyell Indemnitee that arise out of or result from (or are alleged to arise out of or result from): (a) the Development, manufacture, storage, handling, use, sale, offer for sale, and importation of any Compounds or Products by GSK or its Affiliates, or Sublicensees; (b) a material breach of any of GSK's representations, warranties, covenants and obligations under this Agreement; or (c) the gross negligence or willful misconduct of any GSK Indemnitees. The foregoing indemnity obligation shall not apply to the extent that any Lyell Claim is subject to indemnity pursuant to Section 15.1 (other than clause (e) thereof) or is based on or alleges a breach by Lyell or its Affiliates of an obligation under an agreement between Lyell or its Affiliates and a Third Party, including Lyell License Agreements.

**15.3 Indemnification Procedures.** The Party claiming indemnity under this Article 15 (the "**Indemnified Party**") shall give written notice to the Party from whom indemnity is being sought (the "**Indemnifying Party**") promptly after learning of the claim, suit, proceeding or cause of action for which indemnity is being sought ("**Claim**"), and, *provided* that the Indemnifying Party is not contesting the indemnity obligation, shall permit the Indemnifying Party to control and assume the defense of any litigation relating to such claim and disposition of any such Claim unless the Indemnifying Party is also a party (or likely to be named a party) to the proceeding in which such claim is made and the Indemnified Party gives notice to the Indemnifying Party that it may have defenses to such claim or proceeding that are in conflict with the interests of the Indemnifying Party, in which case the Indemnifying Party shall not be so entitled to assume the defense of the case. If the Indemnifying Party does assume the defense of any Claim, it (i) shall act diligently and in good faith with respect to all matters relating to the settlement or disposition of any Claim as the settlement or disposition relates to Parties being indemnified under this Article 15, (ii) shall

cause such defense to be conducted by counsel reasonably acceptable to the Indemnified Party and (iii) shall not settle or otherwise resolve any Claim without prior notice to the Indemnified Party and the consent of the Indemnified Party if such settlement involves anything other than the payment of money by the Indemnifying Party (including, for example, any settlement admitting fault or wrongdoing of the Indemnified Party, or consenting to any injunctive relief). The Indemnified Party shall reasonably cooperate with the Indemnifying Party in its defense of any claim for which the Indemnifying Party has assumed the defense in accordance with this Section 15.3, and 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. So long as the Indemnifying Party is diligently defending the Claim in good faith, the Indemnified Party shall not settle any such Claim without the prior written consent of the Indemnifying Party. If the Indemnifying Party does not assume and conduct the defense of the Claim as provided above, (a) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to the Claim in any manner the Indemnified Party may deem reasonably appropriate (and the Indemnified Party need not consult with, or obtain any consent from, the Indemnifying Party in connection therewith), and (b) the Indemnifying Party will remain responsible to indemnify the Indemnified Party as provided in this Article 15.

**15.4 Limitation of Liability.** EXCEPT FOR (A) DAMAGES, INCLUDING INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES PAID OR PAYABLE TO A THIRD PARTY BY AN INDEMNIFIED PARTY FOR WHICH THE INDEMNIFIED PARTY IS ENTITLED TO INDEMNIFICATION PURSUANT TO SECTION 15.1 OR 15.2 HEREUNDER, OR (B) ANY BREACH OF ANY OF SECTIONS 11.1, 11.2, 12.1, 15.1 AND 15.2 OF THIS AGREEMENT BY A PARTY OR ITS AFFILIATES, OR (C) DAMAGES THAT ARE DUE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LIABLE PARTY, IN NO EVENT SHALL EITHER PARTY, ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR AFFILIATES BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER BASED UPON A CLAIM OR ACTION OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT, OR OTHERWISE, ARISING OUT OF THIS AGREEMENT.

## 16. DISPUTE RESOLUTION

### 16.1 Disputes; Resolution by Senior Executives.

(a) The Parties recognize that disputes as to certain matters may from time to time arise during the Term that relate to decisions to be made by the Parties herein or to the Parties' respective rights and/or obligations hereunder. It is the desire of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to arbitration or litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 16 if and when a dispute arises under this Agreement, subject to Section 16.6 and Section 16.9.

(b) Any disputes, controversies or differences, other than a matter within the final decision-making authority of a Party which may arise between the Parties out of or in relation to or in connection with this Agreement shall be promptly presented to the JSC for resolution, or

if the entire JSC is not available, to its co-chairs. If the JSC is unable to resolve such dispute within [\*] after a matter has been presented to it, then upon the request of either Party by written notice, the Parties agree to meet and discuss in good faith a possible resolution thereof, which good faith efforts shall include at least one in-person meeting between the Senior Executives of each Party within [\*] after receipt by the other Party of such written notice. If the matter is not resolved within [\*] following presentation to the Senior Executives, then if such matter arises under or results from an allegation of breach of this Agreement by or on behalf of a Party, either Party may invoke the provisions of Section 16.1(c), and thereafter if needed, the provisions of Section 16.2 (other than with respect to any dispute between the Parties concerning the validity, scope, enforceability, inventorship, or ownership of intellectual property rights, which shall be subject to Section 16.9). Deadlocks or disputes that do not arise under or result from an allegation of breach of this Agreement, and that are not reserved for resolution under Section 16.3 or by one Party or the other as specified under this Agreement, shall be resolved in good faith discussion and negotiation of the Parties without referral to mediation under Section 16.1(c) or arbitration under Section 16.2 (unless otherwise expressly agreed by the Parties).

(c) If the Parties are unable to resolve a dispute arising out of or relating to an allegation of breach of this Agreement through the negotiation procedures set forth in Section 16.1(b), then at the end of such [\*] period, such dispute (other than a dispute concerning the occurrence of the material breach alleged in a Termination Notice and subject to resolution as provided in Section 13.3(b)) shall be submitted to mediation in accordance with the International Mediation Rules of JAMS except to the extent of conflict with the express provisions of this Section 16.1(c). Such mediation shall be attended on behalf of each Party for at least [\*] session by a senior executive with sufficient authority to resolve the dispute and shall be held in San Francisco, California, USA. The Parties shall select an Expert (defined in Section 16.2(a)) to serve as mediatory. If the Parties cannot agree, they will defer to JAMS to select an Expert as mediator. The cost of the mediator shall be borne equally by the Parties. Any dispute related to alleged breach of this Agreement that is referred to mediation that is not resolved within [\*] (or within such other time period as may be agreed to by the Parties in writing) after appointment of a mediator shall be finally resolved by arbitration pursuant to Section 16.2. For the avoidance of doubt, disputes that are to be settled by baseball arbitration in accordance with Section 16.3 shall not proceed to mediation under this Section 16.2.

**16.2 Arbitration.** Subject to Section 16.9, any dispute related to an alleged breach or the validity of this Agreement, or the interpretation of Article 13 of this Agreement, that is not resolved pursuant to Section 16. 1, shall be settled by binding arbitration to be conducted as set forth below in this Section 16.2 in accordance with the then current Comprehensive Arbitration Rules (the “**Rules**”) of the Judicial Arbitration and Mediation Services (“**JAMS**”), except to the extent such Rules conflict with the express provisions of this Section 16.2.

(a) Either Party, following the end of the [\*] period referenced in Section 16.1(c) or as and when otherwise permitted by Section 13.3(b), may refer such issue to arbitration by submitting a written notice of such request to the other Party. In any proceeding under this Section 16.2, the arbitration shall be conducted by a panel of three (3) arbitrators chosen as follows: (i) claimant shall appoint a neutral arbitrator in accordance with the Rules in its request for arbitration; (ii) the respondent shall appoint a neutral arbitrator in accordance with the Rules within [\*] of the receipt of this request for arbitration, and (iii) the two arbitrators shall appoint a third

neutral arbitrator in accordance with the Rules within [\*] after the appointment of the second arbitrator, which third arbitrator shall be mutually acceptable to the Parties. Notwithstanding the foregoing, if the aggregate damages sought by the claimant and/or the counterclaimant are stated to be less than a total of [\*] then a single arbitrator shall be chosen in accordance with the Rules. The arbitrator shall have the authority to engage one or more Experts who are expert in the subject matter of the dispute to advise the arbitrator in rendering his or her decision, and the costs of such Expert(s) shall be included in the costs of the arbitration. The arbitrator shall seek to obtain the mutual agreement of the Parties regarding such Expert(s), but absent such agreement, such Expert(s) shall be selected by the arbitrator. For such purposes, an “**Expert**” means a disinterested individual who is not affiliated with either Party or its Affiliates and who has expertise or experience with respect to the subject matter of the dispute, as determined by the arbitrator. Neither the Expert nor any of the Expert’s former employers shall be or have been at any time an Affiliate, employee, officer or director of, or during the previous [\*], a consultant for, either Party or any of its Affiliates.

(b) The governing law in Section 17.9 shall govern such proceedings. No individual will be appointed to arbitrate a dispute pursuant to this Agreement unless he or she agrees in writing to be bound by the provisions of this Section 16.2. The place of arbitration will be San Francisco, California, unless otherwise agreed to by the Parties, and the arbitration shall be conducted in English.

(c) The arbitrator shall use their best efforts to rule on each disputed issue within [\*] after appointment of the arbitrator. The determination of the arbitrator as to the resolution of any dispute shall be binding and conclusive upon the Parties, absent manifest error. All rulings of the arbitrator shall be in writing and shall be delivered to the Parties as soon as is reasonably possible. Nothing contained herein shall be construed to permit the arbitrator to award punitive, exemplary or any similar damages. The arbitrator shall render a “reasoned decision” within the meaning of the Comprehensive Arbitration Rules that shall include findings of fact and conclusions of law. Any arbitration award may be entered in and enforced by a court in accordance with Sections 16.4, 16.6 and 16.9.

**16.3 Baseball Arbitration.** Any disputed matter expressly stated in this Agreement to be resolved in accordance with this Section 16.3 shall be resolved by binding arbitration by a single arbitrator conducted pursuant to Section 16.2, except that the procedures for the conduct of such arbitration shall be as follows:

(a) Within [\*] after the arbitrator (and Expert(s), if the arbitrator determines to engage an Expert(s)) is appointed, each Party shall provide the arbitrator and the other Party with a written report setting forth its position with respect to the substance of such disputed matter (and if the dispute is with respect to determining Success Criteria, a draft of the Success Criteria being proposed by such Party). Each Party may submit a revised report, position and draft Success Criteria, as applicable, to the arbitrator within [\*] of receiving the other Party’s report and draft Success Criteria, as applicable. If so requested by the arbitrator, each Party shall make oral and/or other written submissions to the arbitrator in accordance with procedures to be established by the arbitrator; *provided* that the other Party shall have the right to be present during any oral submissions. The arbitrator shall select one of the Party’s position (or Success Criteria, as applicable) at his or her decision, based on what is most reasonable and equitable to each of the

Parties under the circumstances, and shall not have the authority to render any substantive decision other than to so select one Party's position (or draft Success Criteria, as applicable) as initially submitted, or as revised in accordance with the foregoing, as applicable. The arbitrator shall take into account Section 3.9(a) (in the context of considering the standard for the Success Criteria or the achievement thereof) and whether a Party's position is more likely to advance the Product towards meeting the primary strategic goal for the Collaboration Program and reflects the overall commercial potential of the Product.

(b) The Parties agree that the decision of the arbitrator shall become the binding decision of the JSC on the matter. For clarity, it is understood that the Parties intend the arbitration under this Section 16.3 to be a "baseball arbitration" type proceeding; and the arbitrator may fashion such detailed procedures, as the arbitrator considers appropriate to implement this intent.

(c) In any arbitration under this Section 16.3, the arbitrator and the Parties shall use their best efforts to resolve such disputed matter within [\*] after the selection of the arbitrator, or as soon thereafter as is practicable.

**16.4 Award.** Any award to be paid by one Party to the other Party as determined by the arbitrator as set forth above under Section 16.2 shall be promptly paid in Dollars free of any tax, deduction or offset; and any costs, fees or taxes incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the Party resisting enforcement. Each Party agrees to abide by the award rendered in any arbitration conducted pursuant to this Article 16, and agrees that, subject to the Federal Arbitration Act, judgment may be entered upon the final award in a court of competent jurisdiction and that other courts may award full faith and credit to such judgment in order to enforce such award. With respect to money damages, nothing contained herein shall be construed to permit the arbitrators, any court, or any other forum to award punitive or exemplary damages. By entering into this agreement to arbitrate, the Parties expressly waive any claim for punitive or exemplary damages. The only damages recoverable under this Agreement are compensatory damages.

**16.5 Costs.** Each Party shall bear its own legal fees in connection with any arbitration procedure. The arbitrator may in its discretion assess the arbitrator's cost, fees and expenses (and those any Expert hired by the arbitrators) against the Party losing the arbitration.

**16.6 Injunctive Relief.** Nothing in this Article 16 will preclude either Party from seeking equitable relief or interim or provisional relief from a court of competent jurisdiction, including a temporary restraining order, preliminary injunction or other interim equitable relief, concerning a dispute either prior to or during any arbitration if necessary to protect the interests of such Party or to preserve the status quo pending the arbitration proceeding. For the avoidance of doubt, nothing in this Section 16.6 shall otherwise limit a breaching Party's opportunity to cure a material breach as permitted in accordance with Section 13.3.

**16.7 Confidentiality.** The arbitration proceeding shall be confidential and the arbitrators shall issue appropriate protective orders to safeguard each Party's Confidential Information. Except as required by Applicable Law, no Party shall make (or instruct the arbitrators to make) any public announcement with respect to the proceedings or decision of the arbitrators without prior written consent of the other Party. The existence of any dispute submitted to arbitration, and



any award shall be kept in confidence by the Parties and the arbitrators, except as required in connection with the enforcement of such award or as otherwise required by Applicable Law. Notwithstanding the foregoing, each Party shall have the right to disclose information regarding the arbitration proceeding to the same extent as it may disclose Confidential Information of the other Party under Article 12 above.

**16.8 Survivability.** Any duty to arbitrate under this Agreement shall remain in effect and be enforceable after termination of this Agreement for any reason.

**16.9 Patent and Trademark Disputes.** Notwithstanding Sections 16.2 and 16.3, any dispute, controversy or claim relating to the validity, scope, enforceability, inventorship, or ownership of intellectual property rights shall be submitted to a court of competent jurisdiction in the country in which such intellectual property rights were granted or arose.

## 17. MISCELLANEOUS

**17.1 Entire Agreement; Amendments.** This Agreement, including the Exhibits hereto (which are incorporated into and made a part of this Agreement), sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes, as of the Effective Date, all prior agreements and understandings between the Parties with respect to the subject matter hereof, including the Prior CDA. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized representative of each Party.

**17.2 Export Control.** This Agreement is made subject to any restrictions concerning the export of products or technical information from the U.S. or other countries that may be imposed upon or related to Lyell or GSK from time to time. Each Party agrees that it shall not export, directly or indirectly, any technical information acquired from the other Party under this Agreement or any products using such technical information to a location or in a manner that at the time of export requires an export license or other governmental approval, without first obtaining the written consent to do so from the appropriate agency or other governmental entity.

### 17.3 Rights in Bankruptcy.

(a) All rights and licenses granted under or pursuant to this Agreement by one Party to the other are, for all purposes of Section 365(n) of Title 11 of the United States Code (“**Title 11**”), licenses of rights to “intellectual property” as defined in Title 11, and, in the event that a case under Title 11 is commenced by or against either Party (the “**Bankrupt Party**”), the other Party shall have all of the rights set forth in Section 365(n) of Title 11 to the maximum extent permitted thereby. During the Term, each Party shall create and maintain current copies to the extent practicable of all such intellectual property. Without limiting the Parties’ rights under Section 365(n) of Title 11, if a case under Title 11 is commenced by or against the Bankrupt Party, the other Party shall be entitled to a copy of any and all such intellectual property and all embodiments of such intellectual property, and the same, if not in the possession of such other

Party, shall be promptly delivered to it (i) before this Agreement is rejected by or on behalf of the Bankrupt Party, within [\*] after the other Party's written request, unless the Bankrupt Party, or its trustee or receiver, elects within [\*] to continue to perform all of its obligations under this Agreement, or (ii) after any rejection of this Agreement by or on behalf of the Bankrupt Party, if not previously delivered as provided under clause (i) above. All rights of the Parties under this Section 17.3 and under Section 365(n) of Title 11 are in addition to and not in substitution of any and all other rights, powers, and remedies that each Party may have under this Agreement, Title 11, and any other Applicable Law. The non-Bankrupt Party shall have the right to perform the obligations of the Bankrupt Party hereunder with respect to such intellectual property, but neither such provision nor such performance by the non-Bankrupt Party shall release the Bankrupt Party from any such obligation or liability for failing to perform it.

(b) Any intellectual property provided pursuant to the provisions of this Section 17.3 shall be subject to the licenses set forth elsewhere in this Agreement and the payment obligations of this Agreement, which shall be deemed to be royalties for purposes of Title 11.

**17.4 Force Majeure.** Each Party shall be excused from the performance of its obligations under this Agreement to the extent that such performance is prevented by force majeure (defined below) and the nonperforming Party promptly provides notice of such prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues. The Party affected by such force majeure also shall notify the other Party of the anticipated duration of such force majeure, any actions being taken to avoid or minimize its effect after such occurrence, and shall take reasonable efforts to remove the condition constituting such force majeure. For purposes of this Agreement, "force majeure" shall include conditions beyond the control of the Parties, including an act of God, acts of terrorism, voluntary or involuntary compliance with any regulation, law or order of any government, war, acts of war (whether war be declared or not), labor strike or lock-out, civil commotion, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe. The payment of invoices due and owing hereunder shall in no event be delayed by the payer for more than [\*] because of a force majeure affecting the payer.

**17.5 Notices.** Any notice required or permitted to be given under this Agreement shall be in writing, shall refer to this Agreement, and shall be addressed to the appropriate Party at the address specified below or such other address as may be specified by such Party in writing in accordance with this Section 17.5, and shall be deemed to have been given for all purposes (a) when received, if hand-delivered or sent by a reputable international expedited delivery service, or (b) [\*] after mailing, if mailed by first class certified or registered mail, postage prepaid, return receipt requested.

For Lyell: [\*]

and

[\*]

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

[\*]

For GSK and [\*]: [\*]

and

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

[\*]

**17.6 Independent Contractors.** Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give either Party the power or authority to act for, bind, or commit the other Party in any way. Nothing herein shall be construed to create the relationship of partners, principal and agent, or joint-venture partners between the Parties.

**17.7 Assignment.** Neither Party may assign this Agreement without the prior written consent of the other, except that a Party may make such an assignment without the other Party's consent (a) to any Affiliate of such Party, *provided* that such transfer does not adversely affect the other Party's rights and obligations under this Agreement and that such assigning/transferring Party remains jointly and severally liable with such Affiliate for the performance of this Agreement, or (b) to any Third Party successor-in-interest or purchaser of all or substantially all of the business or assets of such Party to which this Agreement relates, whether in a merger, combination, reorganization, sale of stock, sale of assets or other transaction; *provided, however,* that in each case (a) and (b) that the assigning Party provides written notice to the other Party of such assignment and the assignee shall have agreed in writing to be bound (or is otherwise required by operation of Applicable Law to be bound) in the same manner as such assigning Party hereunder. In addition, Lyell may assign its right to receive proceeds under this Agreement or grant a security interest in such right to receive proceeds under this Agreement to one or more Third Parties pursuant to the terms of a security or other agreement related to such financing (i.e., for purposes of a royalty financing arrangement), and GSK shall reasonably cooperate to facilitate such assignment. Any permitted assignment shall be binding on the successors of the assigning Party. Any assignment or attempted assignment by either Party in violation of the terms of this Section 17.7 shall be null, void and of no legal effect.

**17.8 Effect of Change of Control of Lyell.** In the event that Lyell is acquired in a Change of Control Transaction by a Third Party (an Acquirer as defined below), then notwithstanding any other provision in this Agreement (including the definitions of Lyell Manufacturing Technology and Lyell Technology):

(a) the intellectual property of such Acquirer held or developed by such Acquirer prior to such acquisition, to the extent such intellectual property then existed ("**Acquirer Technology**") shall be excluded from Lyell Technology (including Lyell Patent Rights, Lyell Know-How, and Lyell Manufacturing Technology).

(b) intellectual property that, following such Change of Control Transaction, is developed (initially or further developed), made or otherwise acquired or controlled by the Acquirer shall not be included within the Lyell Technology, unless such intellectual property was made as a result of the Acquirer's use of proprietary Lyell Know-How (such proprietary Lyell Know-How, the "**Segregated Technology**") in a manner that violates (i) any exclusive licenses

granted to GSK under this Agreement or (ii) Section 3.3(b) (with respect to the Target Rejection Prohibition), or Article 11, to the extent Section 3.3(b) or Article 11 is applicable to the Acquirer under Section 17.8(g) below. Lyell and the Acquirer shall adopt reasonable procedures to prevent data access and sharing of Information pertaining to Compounds, Products, Collaboration Targets or Lyell Development Programs between Acquirer personnel working on any T-Cell Therapy directed to any Collaboration Target and Lyell personnel working on the Lyell Development Programs or having access to data from the Lyell Development Programs, except as needed to comply with Applicable Law.

(c) Notwithstanding Section 17.8(b), if rights to Segregated Technology were granted to the Acquirer prior to the Change of Control Transaction, then the use of such Segregated Technology in accordance with such grant (and consistent with the exclusive licenses granted under this Agreement) shall not be deemed use of Segregated Technology for purposes of this Section 17.8 but shall be deemed Acquirer Technology.

(d) such Acquirer (and Affiliates of such Acquirer which are not controlled by (as defined under the Affiliate definition in Article 1) Lyell itself) shall be excluded from the Affiliate definition solely for purposes of the definition of Lyell Technology. For clarity and except with respect to a violation described under clauses (i) or (ii) of Section 17.8(b), the Acquirer has sole discretion as to whether it will contribute its intellectual property, Information or materials to Lyell's activities and Lyell Technology under this Agreement.

(e) If the Acquirer is a GSK Competitor: (i) Lyell's ability to develop [\*\*\*], (ii) certain functions of the JSC shall terminate in accordance with **Exhibit 17.8(e)**, and (iii) GSK shall be entitled to terminate this Agreement by written notice to Lyell within [\*\*\*] after the consummation of such Change of Control Transaction or other assignment to a GSK Competitor, such termination effective [\*\*\*] thereafter and in such case Section 13.6(b)(i) shall apply.

(f) As used herein, "**Acquirer**" means the Third Party involved in the Change of Control Transaction, and any Affiliate of such Third Party that was not an Affiliate of the Acquired Party immediately prior to the Change of Control Transaction; and "**Acquired Party**" means the Party that was the subject of such Change of Control Transaction, together with any entity that was its Affiliate immediately prior to the Change of Control Transaction.

(g) The provisions of Section 3.3(b) (with respect to the Target Rejection Prohibition) and Article 11 shall not apply to any Acquirer Technology or to any products Developed or Commercialized by the Acquirer without use of Segregated Technology. However, if the Acquirer uses Segregated Technology to develop a T-Cell Therapy directed to a Collaboration Target, or directed to a Target that is then subject to a Target Rejection Prohibition under Section 3.3(b), the restrictions set forth in Section 3.3(b) (with respect to the Target Rejection Prohibition) and Article 11 thereafter shall apply to such Acquirer with respect to such T-Cell Therapy.

**17.9 Governing Law.** This Agreement shall be governed by and construed and enforced under the substantive laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise make this Agreement subject to the substantive law of another jurisdiction. For clarification, any dispute relating to the inventorship, scope, validity, enforceability or infringement of any patent right shall be governed by and construed and enforced in accordance with the patent laws of the applicable jurisdiction.

**17.10 Performance by Affiliates; [\*].**

(a) Subject to the terms and conditions of this Agreement, each Party may discharge any obligations and exercise any right hereunder through any of its Affiliates. Each Party hereby guarantees the performance by its Affiliates of such Party's obligations under this Agreement, and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. Any breach by a Party's Affiliate of any of such Party's obligations under this Agreement shall be deemed a breach by such Party, and the other Party may proceed directly against such Party without any obligation to first proceed against such Party's Affiliate.

(b) [\*] to Lyell the full and timely [\*], and in respect of damages or liabilities arising under Article 16 (dispute resolution) of this Agreement (collectively, the "[\*]"). [\*] agrees that the validity of the [\*] in this Section 17.10(b) and the obligations of [\*] hereunder shall not be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert by Lyell against GSK any of the rights or remedies reserved to Lyell pursuant to the provisions of this Agreement or otherwise or any other remedy or right which such Lyell may have at law or in equity or otherwise. The foregoing [\*], and shall be and continue to be fully effective notwithstanding any amendment to the Agreement or any of the [\*]. To the extent that Lyell grants to GSK (i) any waiver of any default by GSK of the [\*], (ii) any extension of time of performance by GSK [\*], (iii) any release of GSK from the performance of the [\*], or (iv) any other indulgences whatsoever, Lyell shall have and shall be deemed to have also [\*] hereunder. [\*] further agrees that its [\*]. However, prior to seeking satisfaction of any [\*], Lyell will first direct any requests with respect to the [\*] to GSK.

**17.11 Further Actions.** Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

**17.12 Compliance with Applicable Law.** Each Party shall comply with Applicable Law in the course of performing its obligations or exercising its rights pursuant to this Agreement. Notwithstanding anything to the contrary in this Agreement, neither Party nor any of its Affiliates shall be required to take, or shall be penalized for not taking, any action that such Party reasonably believes is not in compliance with Applicable Law.

**17.13 Severability.** If any one or more of the provisions of this Agreement are held to be invalid or unenforceable by an arbitrator or any court of competent jurisdiction from which no appeal can be or is taken, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized. If a Party or its Affiliate challenges in a court action or other legal proceeding, or before any governmental authority, the validity, legality or enforceability of any provision of this Agreement, or assists any Third Party in bringing any such challenge, the other Party shall have the right to terminate this

Agreement upon [\*] prior written notice to the complaining Party, unless such challenge is withdrawn and the effect of such challenge cured within such [\*] period. For purposes of Section 13.6, a termination in accordance with the foregoing shall be deemed a termination under Section 13.3 by reason of a breach of the Party who made or assisted in the bringing of such challenge.

**17.14 No Waiver.** Neither Party may waive nor release any of its rights or interests in this Agreement except in writing. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one or more instances shall be construed as a continuing waiver of such condition or term or of another condition or term.

**17.15 Interpretation.** The captions and headings to this Agreement are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement. Unless specified to the contrary, references to Articles, Sections or Exhibits mean the particular Articles, Sections or Exhibits of this Agreement and references to this Agreement include all Exhibits hereto. Unless context otherwise clearly requires, whenever used in this Agreement: (a) the words “include”, “includes” or “including” shall be construed as incorporating also the phrase “but not limited to” or “without limitation”; (b) the word “day” or “quarter” shall mean a calendar day or quarter, unless otherwise specified; (c) the word “notice” shall mean notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (d) the words “hereof,” “herein,” “hereby” and derivative or similar words refer to this Agreement (including any Exhibits); (e) provisions that require that a Party, the Parties or the JSC hereunder “agree,” “consent” or “approve” or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise; (f) words of any gender include the other gender; (g) words using the singular or plural number also include the plural or singular number, respectively; (h) references to any specific law, rule or regulation, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement law, rule or regulation thereof; and (i) the word “will” shall be construed to have the same meaning and effect as the word “shall”. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision. The language of this Agreement shall be deemed to be the language mutually chosen by the Parties and no rule of strict construction shall be applied against either Party hereto. This Agreement should be interpreted in its entirety and the fact that certain provisions of this Agreement may be cross-referenced in a Section shall not be deemed or construed to limit the application of other provisions of this Agreement to such Section and *vice versa*.

As used in this Agreement, (i) the phrase ‘with respect to a given Collaboration Target’ or ‘with respect to any Collaboration Target’ or ‘for a Collaboration Target’ (or similar phrases) when referring to: (x) GSK’s licenses or license rights (including the termination of GSK’s licenses or license rights hereunder) refers to the licensed Lyell Technology that applies to Compounds and Products directed to such Collaboration Target, (y) the Compounds or Products refers to the Compounds or Products directed to such Collaboration Target, and (z) a Collaboration Program refers to a Collaboration Program for Compounds and Product directed to such Collaboration Target and (ii) the phrase ‘directed to a Target’, (and similar phrases) with respect to Compounds and Products means Compounds and Products that specifically bind to and a principle intended therapeutic mechanism of action is to so bind to such Target.

## 17.16 HSR Filing.

(a) Both Parties (or their Affiliates) shall use reasonable efforts to file the appropriate notices under the Hart Scott Rodino Antitrust Improvements Act (“**HSR Act**”) within [\*] after the Execution Date. The Parties shall promptly make required filings to obtain clearance under the HSR Act for the consummation of this Agreement and the transactions contemplated hereby and shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, the United States’ Federal Trade Commission (“**FTC**”) or the Antitrust Division of the United States Department of Justice (“**DOJ**”) and shall comply promptly with any reasonable FTC or DOJ inquiry or request of this nature; *provided, however*, neither Party shall be required to consent to the divestiture or other disposition of any of its assets or the assets of its Affiliates or to consent to any other structural or conduct remedy, and each Party and its Affiliates shall have no obligation to contest, administratively or in court, any ruling, order or other action of the FTC or DOJ or any Third Party with respect to the transactions contemplated by this Agreement. Each Party shall be responsible for paying the filing fees it incurs in connection with the HSR filings. The Effective Date shall not be deemed to have occurred until the later of the HSR Clearance Date and the date of the “**Closing**” under that certain Series AA Preferred Stock Purchase Agreement between Lyell and [\*] dated concurrent with the Execution Date. As used herein, the “**HSR Clearance Date**” means the earlier of (i) the date on which the FTC or DOJ shall notify the Parties of early termination of the waiting period under the HSR Act or (ii) the date on which the applicable waiting period under the HSR Act expires; *provided, however*, that if the FTC or DOJ commences any investigation by means of a second request or otherwise, HSR Clearance Date means the date on which any investigation opened by the FTC or DOJ has been terminated, without action to prevent the Parties from implementing the transactions contemplated by this Agreement with respect to the United States. Notwithstanding any other provisions of this Agreement to the contrary, either Party may terminate its obligation under this Section 17.16(a), and this Agreement shall be void and of no further effect upon notice to the other Party, if the HSR Clearance Date has not occurred on or before the date that is [\*] after the date as of which both Parties have made their respective HSR filings and the initial waiting period under the HSR Act has commenced.

(b) If GSK reasonably determines that the transactions to occur upon consummation of any Option Exercise requires an HSR filing, then upon notice of Option Exercise (i) GSK shall provide notice of such HSR filing obligation to Lyell (to the extent it has not already done so), (ii) Section 17.16(a) (excluding the third to last sentence thereof) shall apply with respect to the effectiveness of such Option Exercise (replacing Execution Date in the first sentence thereof with the notice date of Option Exercise) and (iii) all rights and obligations of the Parties related to such Option or Option Exercise (including payment of any milestones and the grant of any license to GSK under the Option, but not with respect to making any HSR filing) shall be tolled until the HSR Clearance Date. The last sentence of Section 17.16(a) (i.e., a Party’s termination right) shall not apply to any delay in achieving the HSR Clearance Date with respect to an HSR filing following notice of Option Exercise under this Section 17.16(b). If the HSR Clearance Date with respect to such Option Exercise has not occurred on or before the date that is [\*] after the date as of which both Parties have made their respective HSR filings and the initial waiting period under

the HSR Act has commenced with respect to such Option, then either Party may terminate the Collaboration Program for which the Option Exercise was made upon notice to the other Party (and such termination, regardless of whether by Lyell or GSK, shall be treated a termination by GSK pursuant to Section 13.2), *provided* that as long as GSK is using reasonable efforts to obtain clearance under the HSR Act, GSK may extend the period to achieve the HSR Clearance Date to be up to [\*] from the date as of which both Parties have made their respective HSR filings and the initial waiting period under the HSR Act has commenced by providing written notice to Lyell prior to the expiration of such period.

**17.17 Counterparts.** This Agreement may be executed in counterparts with the same effect as if both Parties had signed the same document, each of which shall be deemed an original, shall be construed together and shall constitute one and the same instrument. This Agreement may be executed and delivered through the email of pdf copies of the executed Agreement.

*[signature page follows]*



**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their duly authorized representatives effective as of the Execution Date.

For **LYELL IMMUNOPHARMA, INC.**

By: /s/ Richard Klausner  
Name: Richard Klausner  
Title: CEO

For **GLAXOSMITHKLINE INTELLECTUAL PROPERTY (NO. 5) LIMITED**

By: /s/ Adam Walker  
Name: Adam Walker  
Title: Director

For [\*]

By: /s/ Adam Walker  
Name: Adam Walker  
Title: Director

[signature page]

---

**EXHIBIT 1.2**

**Academic PoC Data Package**

[\*]

Collaboration Component Data Package

[\*]

---

**EXHIBIT 1.40**

**Existing License Agreements**

[\*]

---

**EXHIBIT 1.65**

**Lyell Patents**

**[\*]**

---

**Exhibit 1.71**

**Net Sales Deductions**

**[\*]**

---

**EXHIBIT 3.1(b)**

**Program Diligence Information**

[\*]

Technology Transfer Requirements

[\*]



---

**EXHIBIT 3.2**

**Items to be Provided by GSK to Lyell, to the Extent Controlled by GSK, Prior to Initiation of Lyell Development Program**

**[\*]**

---

**EXHIBIT 3.3(a)**

**Initial Collaboration Targets**

[\*]

---

**EXHIBIT 3.3(b)**

**GSK Nominated CAR Target Information – Items to be Provided by GSK to Lyell, to the Extent Controlled by GSK**

[\*]

---

**EXHIBIT 3.3(b)(ii)**

**Lyell Advanced CAR-T Target Information**

[\*]

---

**EXHIBIT 3.3(c)**

**Items to be Included in Target Selection Notice**

**[\*]**

---

**EXHIBIT 3.3(d)**

**Excluded Targets**

[\*]

---

**EXHIBIT 3.6**

**Transfer Record**

[\*]

Waiver of Certain Terms of Existing License Agreements

[\*]



**Lyell License Agreement Provisions: Stanford License**

[\*]

**Lyell License Agreement Provisions: Hutchinson License**

[\*]

---

**EXHIBIT 8.16**

**Invoicing Information**

[\*]

Animal Research Policy

[\*]

JSC Functions

[\*]

CERTAIN INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [\*], HAS BEEN OMITTED BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

## LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement") dated as of January 29, 2019 (the "Effective Date"), is entered into between Lyell Immunopharma, Inc., a Delaware corporation ("Lyell"), having an address at 500 Fairview Avenue N, Suite 5000, Seattle, WA 98109, and The Board of Trustees of the Leland Stanford Junior University, an institution of higher education having powers under the laws of the State of California ("Stanford"), having an address at Building 170, 3rd Floor, Main Quad, P.O. Box 20386, Stanford, CA 94305-2038.

WHEREAS, Stanford owns or has rights in the Licensed IP Rights (as defined below), which are invented in the laboratory of [\*]. Certain of the Licensed IP Rights were made in the course of research sponsored by the Parker Institute for Cancer Immunotherapy ("PICI"). The SRA Patents, which do not yet exist as of the Effective Date but are contemplated to arise under a sponsored research agreement which Lyell and Stanford intend to negotiate and execute in 2019 ("SRA"), will be made in the course of research sponsored by Lyell. Certain Improvements, which do not yet exist as of the Effective Date but may arise in the future, may be sponsored in whole or in part by the U.S. Federal Government or other sponsors unknown as of the Effective Date. Stanford wants to have the Licensed IP Rights perfected and marketed as soon as possible so that resulting products may be available for public use and benefit.

WHEREAS, Lyell desires to obtain an exclusive license under Stanford's rights in the Exclusive Licensed Patents in the Field of Use and a nonexclusive license under Stanford's rights in the Non-Exclusive Licensed Patents and Licensed Know-How in the Field of Use, on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the parties hereby agree as follows:

### 1. DEFINITIONS

For purposes of this Agreement, the terms defined in this Section 1 shall have the respective meanings set forth below:

1.1 "Affiliate" means any person, corporation or other entity that directly or indirectly, through one (1) or more intermediaries, Controls, is Controlled by or is under common Control with, such person, corporation or other entity.

1.2 "Business Days" means any day other than a Saturday, Sunday, bank holiday or public holiday in the State of Washington.

1.3 "Change of Control Transaction" means either (a) the acquisition of Lyell by another entity by means of any transaction or series of related transactions to which Lyell is party (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) that results in the voting securities of Lyell outstanding immediately prior thereto failing to represent immediately after such transaction or series of transactions (either by remaining outstanding or by being converted into voting securities of the surviving entity or the entity that controls such surviving entity) a majority of the total voting power represented by the outstanding voting securities of Lyell, such surviving entity or the entity that controls such surviving entity; (b) a sale, lease or other conveyance of all or substantially all of the assets of Lyell to another entity; or (c) any Deemed Liquidation Event (as defined in the Lyell's Certificate of Incorporation, as may be amended from time to time) that results in the liquidation of Lyell and the distribution of transaction proceeds to Lyell's equity holders.

1.4 “Control” means with regard to any person, corporation or other entity: (a) the legal or beneficial ownership, directly or indirectly, of more than fifty percent (50%) (or such lesser percentage that is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) of the voting stock or other ownership interest in such corporation or other entity or (b) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such corporation or other entity, whether through ownership of voting stock or other ownership interest or by contract relating to voting rights or corporate governance.

1.5 “EMA” means the Regulatory Authority known as either the European Medicines Agency or the European Agency for the Evaluation of Medicinal Products, and any successor agency thereto.

1.6 “Exclusive” means that, subject to Sections 3.3 and 4, Stanford will not grant further licenses under the Licensed Patents in the Field of Use in the Licensed Territory.

1.7 “Exclusive Licensed Patents” means the Licensed Patents listed in Appendix A under Exclusive Licensed Patents.

1.8 “FDA” means the United States Food and Drug Administration and any successor agency thereto.

1.9 “Field of Use” means all fields of use utilizing chimeric antigen receptors (“CARs”) and/or T-Cell Receptors (“TCRs”).

1.10 “First Commercial Sale” means, with respect to each Licensed Product, the first sale of the Licensed Product in a country after all applicable marketing and pricing approvals (if any) have been granted by the applicable Regulatory Authority of such country.

1.11 “Improvements” means any patent application and all patents issuing therefrom that (a) claim an improvement, derivative or subsequent iteration of the inventions described in the Existing Patents and that substantially incorporated, and could not reasonably have been generated without the use of, such composition or method claimed in the Existing Patents, but is not an invention generated under the SRA, (b) have a filing date prior to the date [\*] after the expiration or termination of the SRA, and (c) were developed in the laboratory of the Principal Investigator.

1.12 “Licensed IP Rights” means, collectively, the Licensed Patents and the Licensed Know-How.

1.13 “Licensed Know-How” means Stanford knowledge or work that was developed in the laboratory of the Principal Investigator prior to the Effective Date (with respect to existing inventions claimed under clause (a) of the Licensed Patents) and under the SRA (with respect to subsequent inventions claimed under clauses (b) and (c) of the Licensed Patents), has been reduced to a tangible medium and is relevant to utilizing any of the Licensed Patents. No human subjects data is included under Licensed Know-How.

1.14 “Licensed Patents” means the following:

- (a) the patents and patent applications listed on Exhibit A (the “Existing Patents”);
- (b) Improvements added to the scope of this Agreement pursuant to Section 3.4;

(c) SRA Patents added to the scope of this Agreement pursuant to the SRA;

(d) divisions, continuations, and claims in continuations in part that are entitled to claim priority to, or that share a common priority claim with, any item listed in clauses (a) – (c) and any patents issuing therefrom and in the case of continuations-in-part, those claims that are entitled to claim priority to, or that share a common priority claim with, any item listed in clauses (a) – (c);

(e) extensions, renewals, substitutes, re-examinations and reissues of any of the foregoing; and

(f) foreign counterparts of any of the foregoing.

1.15 “Licensed Product(s)” means any method, process, composition, product, service that would, but for the granting of the rights in the Agreement, infringe, induce infringement of, or contribute to infringement of a Valid Claim contained in the Licensed Patents.

1.16 “Net Sales” means, with respect to any Licensed Product, the gross amount billed or invoiced for the sale or other disposition of the Licensed Product by Lyell, its Affiliate or a sublicensee less, to the extent actually paid or accrued by and not reimbursed or refunded to Lyell or its Affiliate or sublicensees (as applicable), (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, the customer for nonconforming, damaged, out-dated and returned Licensed Product; (b) to the extent they are separately stated on the invoice, freight and insurance costs; (c) cash, quantity and trade discounts, rebates and other price reductions for such Licensed Product given to the customer under price reduction programs; (d) to the extent they are separately stated on the invoice, sales, use, value-added and other direct taxes other than income taxes incurred on the sale of such Licensed Product to the customer; (e) to the extent they are separately stated on the invoice, customs duties, tariffs, surcharges and other governmental charges incurred in exporting or importing such Licensed Product to the customer; and (f) an allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles and consistently applied across all products sold by Licensee. If non-cash consideration is received by Lyell, its Affiliate or a sublicensee in exchange for the Licensed Product, then the consideration for the sale or disposition of the Licensed Product shall be an amount equal to the cash consideration that would have been received if the Licensed Product was sold or transferred to an unrelated, unaffiliated Third Party in an arm’s length transaction in similar quantities at the same time and place.

In the event a Licensed Product is sold in combination with other active, proprietary agents having functional biological activity for therapeutic effect that have been approved by a Regulatory Authority for use as a standalone product and as combined with the Licensed Product (“Combination Product”). Net Sales, for purposes of royalty payments hereunder, shall be calculated by multiplying the Net Sales of the Combination Product by the fraction  $A/(A+B)$ , where A is the average gross selling price of the Licensed Product sold separately in finished form in like quantities and B is the average aggregate gross selling price of the such other active, proprietary agents in finished form in like quantities. In the event that no such separate sales are made of such other active, proprietary agents, Net Sales for purposes of royalty payments with respect to the Combination Product, shall be calculated by multiplying the Net Sales of the Combination Product by the fraction  $A/C$  where A is the average gross selling price of the Licensed Product sold separately in finished form in like quantities and C is the average gross selling price of the Combination Product. In the event that no such separate sales are made of such Licensed Product and/or such other active, proprietary agents, Net Sales for purposes of royalty payments with respect to the Combination Product, shall be [\*]



1.17 “Net Sublicensing Revenues” means all consideration (including cash and the fair market value of non-cash consideration, including equity) received by Lyell or its Affiliates in consideration for sublicensing any of the Licensed IP Rights to a Third Party, excluding (a) royalties on Net Sales received from the Third Party, (b) amounts received by Lyell or its Affiliates to reimburse them for (i) their documented costs to perform research or development services for the purpose of developing Licensed Product for the benefit of the Third Party, or (ii) their out-of-pocket costs related to the Licensed Patents or (c) amounts they receive for the purchase of any debt or securities of Lyell or its Affiliates that are not in excess of the fair market value thereof.

1.18 “Non-Exclusive Licensed Patent” means the Licensed Patents listed in Appendix A under Non-Exclusive Licensed Patents.

1.19 “Phase I Clinical Trial” means a human clinical trial in any country that is intended to initially evaluate the safety and/or pharmacological effect of a Licensed Product in subjects or that would otherwise satisfy requirements of 21 C.F.R. 312.21(a) or its foreign equivalent.

1.20 “Phase II Clinical Trial” means a human clinical trial in any country that is intended to initially evaluate the effectiveness of a Licensed Product for a particular indication or indications in patients with the disease or indication under study or would otherwise satisfy requirements of 21 CFR 312.21(b) or its foreign equivalent.

1.21 “Principal Investigator” means [\*].

1.22 “Regulatory Approval” means any and all permits, licenses, authorizations, registrations or regulatory approvals required and/or granted by any Regulatory Authority as a prerequisite to the marketing and selling of a product.

1.23 “Regulatory Authority” means any federal, national, multi-national, provincial, state or local regulatory agency, department, bureau or other governmental entity, within a regulatory jurisdiction, with the authority to grant any approvals, licenses, registrations or authorizations necessary for the development, manufacture, use or commercialization of a product, including the FDA and EMA.

1.24 “Royalty Term” means, on a Licensed Product-by-Licensed Product and country-by-country basis, the period commencing on the date of the First Commercial Sale of such Licensed Product in such country and ending on the expiration of the last Valid Claim covering such Licensed Product in such country.

1.25 “SRA Patent” means any patent application that claims inventions disclosed to OTL and that is funded and generated under that certain Sponsored Research Agreement that is intended to be entered into between the parties in 2019 (the “SRA”) and for which Lyell has exercised its right under the SRA to include such patent application in the scope of this Agreement and has paid the applicable upfront fee to Stanford as set forth in the SRA. Once each SRA Patent has been disclosed to OTL, it will be added to Exhibit D, which will be amended as needed.

1.26 “Target” means a biological molecule, including but not limited to proteins and nucleic acids and all isoforms thereof, to which Licensed Product is directed or binds.

1.27 “Territory” means worldwide.

1.28 “Third Party” means any person or entity other than Stanford, Lyell and their respective Affiliates.

1.29 “Valid Claim” means a claim in an unexpired United States or foreign patent or pending patent application (that has not been pending for more than [\*] from date of filing of such application) included in the Licensed Patents that: (i) has not been held invalid, unpatentable, or unenforceable by a decision of a court or other governmental agency of competent jurisdiction and not subject to appeal, (ii) has not been admitted to be invalid or unenforceable through reissue, *inter partes* review, disclaimer, or otherwise, and (iii) has not been lost through an interference, reexamination, or reissue proceeding.

## 2. REPRESENTATIONS AND WARRANTIES

2.1 Mutual Representations and Warranties. Each party hereby represents and warrants to the other party as follows:

(a) Such party is a corporation duly organized, validly existing and in good standing under the laws of the state in which it is incorporated.

(b) Such party (a) has the corporate power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder, and (b) has taken all necessary corporate action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such party, and constitutes a legal, valid, binding obligation, enforceable against such party in accordance with its terms.

(c) All necessary consents, approvals and authorizations of all governmental authorities and other persons or entities required to be obtained by such party in connection with this Agreement have been obtained.

(d) The execution and delivery of this Agreement and the performance of such party’s obligations hereunder (a) do not conflict with or violate any requirement of applicable laws or regulations and (b) to the knowledge of each party (which in the case of Stanford means the knowledge of Stanford’s Office of Technology Licensing as of the Effective Date and without conducting any further investigation) do not conflict with, or constitute a default under, any contractual obligation of it.

2.2 Stanford Representations and Warranties. Stanford hereby represents and warrants to Lyell that to the knowledge of Stanford’s Office of Technology Licensing as of the Effective Date and without conducting any further investigation:

(a) Stanford has assignments from all inventors known as of the Effective Date on the Existing Patents; and

(b) Stanford has the right to grant the rights in the Licensed Patents to Lyell in this Agreement.

2.3 Negation of Warranties. Stanford provides Lyell the rights granted in this Agreement AS IS and WITH ALL FAULTS. Except as provided in Section 2.1 and 2.2, Stanford makes no representations and extends no warranties of any kind, either express or implied. Among other things, Stanford disclaims any express or implied warranty:

(a) of merchantability, of fitness for a particular purpose;

(b) of non-infringement; or

(c) arising out of any course of dealing.

2.4 No Representation of Licensed Patent. Lyell also acknowledges that Stanford does not represent or warrant:

- (a) the validity or scope of any Licensed Patent; or
- (b) that the exploitation of Licensed IP Rights will be successful.

### 3. LICENSE GRANT

3.1 Licensed IP Rights. Subject to the terms and conditions of this Agreement, Stanford hereby grants to Lyell an Exclusive license, with the right to sublicense through multiple tiers, under the Exclusive Licensed Patents and a non-exclusive license under the Licensed Know-How and Non-Exclusive Licensed Patents to make, have made, use, offer to sell, sell, import or otherwise offer to dispose of Licensed Products in the Territory in the Field of Use. Lyell may have the right to sublicense under Licensed Know-How and the Non-Exclusive Licensed Patents only if such sublicense also includes additional intellectual property or technology (which may include data or the developed embodiments of such Licensed Know-How or Non-Exclusive Licensed Patents) owned or controlled by Lyell as part of that sublicense or if Lyell is granting a sublicense to a collaborator or development partner.

3.2 Sublicense Rights. Subject to the terms and conditions of this Agreement, including Section 3.1, Lyell may sublicense its license rights to the Licensed IP Rights to its Affiliates and to Third Parties through multiple tiers, but only if Lyell remains in the business of developing Licensed Products, whether itself or through research collaborators or development partners, or selling Licensed Products as of the effective date of such sublicense. Each sublicense (including a sublicense to Lyell's Affiliates, for clarity, such Affiliates are only allowed to practice Licensed IP Rights under a sublicense) shall be subject to the terms and conditions set forth herein and will be subject to the following:

(a) Lyell will remain liable to Stanford for all payments due to Stanford with respect to the activities of its sublicensees. If a sublicensee breaches the terms of this Agreement, Lyell shall promptly have such breach cured or terminate the sublicensee's rights hereunder and under the sublicense (but in no event later than [\*]).

(b) Lyell shall deliver to Stanford a true, complete, and correct copy of each Third Party sublicense granted to any sublicensee, and any modification, amendment or termination thereof, within [\*] after execution, modification, or termination.

(c) In the event of the termination of this Agreement, all sublicense rights and agreements shall terminate effective as of the termination of this Agreement, except for the right of a sublicensee to receive a direct license as set forth in Section 10.4(a).

(d) Sublicenses will prohibit sublicensee from paying royalties to an escrow or other similar account.

(e) Sublicenses will expressly include the provisions of Sections 5, 11, or 12 for the benefit of Stanford and PICI.

(f) Sublicenses must include the following clauses:

In the event sublicensee brings an action seeking to invalidate any Licensed Patent:

sublicensee will [\*] the payment paid to Lyell during the pendency of such action. Moreover, should the outcome of such action determine that any claim of a patent challenged by the sublicensee is both valid and infringed by a Licensed Product, sublicensee will pay [\*] times the payment paid under the original sublicense;

sublicensee will have no right to recoup any royalties paid before or during the period challenged;

any dispute regarding the validity of any Licensed Patent shall be litigated in the courts located in Santa Clara County, and the parties agree not to challenge personal jurisdiction in that forum;

sublicensee shall not pay royalties into any escrow or other similar account; and

sublicensee will provide written notice to Stanford at least [\*] prior to bringing an action seeking to invalidate a Licensed Patent.

Sublicensee will include with such written notice an identification of all prior art it believes invalidates any claim of the Licensed Patent.

(g) In order to address unmet needs of neglected patient populations in markets in which Lyell is unable or unwilling to serve and for which there is a company willing to be a sublicensee, Lyell will, at Stanford's reasonable request, negotiate in good faith a sublicense with any such company, provided that Lyell will have no such obligation during the first [\*] following the Effective Date of this Agreement.

3.3 Retention of Rights. Stanford retains for itself and other not-for-profit academic and research institutions, an irrevocable, nonexclusive license to practice Licensed IP Rights in the Field of Use for academic research, instructional, or any other academic or non-commercial and non-profit purpose, including sponsored research and collaborations.

3.4 Improvements. With respect to any improvements, Stanford shall notify Lyell of the filing of any patents claiming such Improvements and Lyell shall have an exclusive right for a period of [\*] after receipt of such notice to include each patent family claiming any such invention by giving written notice to Stanford and paying a one-time upfront fee on commercially reasonable terms, which terms shall be mutually agreed upon during such [\*] period (but in no event shall exceed [\*] per patent family). Upon Lyell exercising such right and making such payment, the applicable Improvements shall be included within the Licensed Patents and subject to the terms of this Agreement, including applicable royalty and other payments hereunder. If Lyell does not notify Stanford and pay such fee during such [\*] period, then Stanford may use, transfer, license to a third party, or otherwise exploit or dispose of such Improvements in any manner without accounting to Lyell, and Lyell shall have no rights to or with respect to such Improvements.

3.5 Exclusive Right of First Negotiation. Until the date that is [\*] after the expiration or termination of the SRA, solely at Stanford's discretion, Stanford agrees to negotiate a license with Lyell ("RON"), on customary and commercially reasonable terms, subject to any third party rights in existence as of the date of receipt of invention disclosure to the Stanford Office of Technology Licensing, to any patent applications or patents claiming inventions developed in the Principal Investigator's laboratories at Stanford that relate to and are necessary or useful in the Field of Use ("Subject Technology") and that are not SRA Patents or Improvements. Stanford shall notify Lyell of any Subject Technology within [\*] after the Stanford Office of Technology Licensing receives an invention disclosure form covering the Subject

Technology. Stanford shall give Lyell a period of [\*] (the “RON Period”) to notify Stanford if Lyell is interested in negotiating a license to such Subject Technology. If Lyell notifies Stanford during the RON Period that Lyell is interested, then the parties shall seek to negotiate a mutually acceptable licensing agreement for a period of [\*] from the date Stanford provides notice of the Subject Technology, which period is extendable upon the mutual agreement of the parties. If the parties are unable to reach agreement on a licensing agreement at the end of such [\*], or if Lyell did not give notice to Stanford of its interest during the RON Period, whichever occurs first, then Stanford may use, transfer, license to a third party, or otherwise exploit or dispose of the Subject Technology in any manner without accounting to Lyell, and Lyell shall have no rights to or with respect to such Subject Technology.

3.6 Specific Exclusion. Stanford does not:

(a) grant to Lyell any other licenses, implied or otherwise, to any patents or other rights of Stanford other than those rights granted under Licensed Patents, Licensed Know-How, Improvements and SRA Patents, regardless of whether the patents or other rights are dominant or subordinate to any Licensed Patent, or are required to exploit any Licensed IP Rights;

(b) commit to Lyell to bring suit against third parties for infringement, except as described in Section 9.2; and

(c) agree to furnish to Lyell any technology or technological information other than the Licensed Know-How or to provide Lyell with any assistance, except as provided for under the SRA.

3.7 Government Rights.

Rights that may be included within the scope of this Agreement after the Effective Date may be subject to Title 35 Sections 200-204 of the United States Code. Among other things, these provisions provide the United States Government with nonexclusive rights in the subject Licensed Patents. They also impose the obligation that Licensed Product sold or produced in the United States be “manufactured substantially in the United States.” Lyell will ensure all obligations of these provisions are met. Stanford will notify Lyell in writing if any future rights to be added to this Agreement are subject to the foregoing.

4. FINANCIAL CONSIDERATIONS.

4.1 Upfront Payment. Lyell shall pay to Stanford four hundred thousand dollars (\$400,000) within [\*] following the Effective Date.

4.2 Annual Maintenance Fee. Lyell shall pay to Stanford a non-creditable, maintenance fee equal to [\*] on the second (2<sup>nd</sup>) anniversary of the Effective Date, and each anniversary of the Effective Date thereafter until the First Commercial Sale of a Licensed Product.

4.3 Development Milestones. Lyell shall pay to Stanford the following development milestone payments within [\*] following the first achievement of the applicable milestone following the Effective Date by Lyell, its Affiliate or a sublicensee for each Licensed Product to a Target, on a Target-by-Target basis. For clarity, the development milestone payment shall be paid one time only with respect to each Target for the first Licensed Product to such Target to achieve the milestone:

- [\*]
- [\*]

• [\*]

4.4 Commercial Milestones. Lyell shall pay to Stanford the following commercial milestone payment within [\*] following the first achievement of the milestone based on the aggregate annual Net Sales by Lyell, its Affiliates and any sublicensees:

• [\*]

4.5 Royalties.

(a) Royalty Rate.

(a) During the applicable Royalty Term for a Licensed Product in a country and subject to the terms and conditions of this Agreement, Lyell shall pay to Stanford royalties, with respect to each Licensed Product, equal to (i) [\*] of annual Net Sales of such Licensed Product by Lyell and its Affiliates and sublicensees, and (ii) [\*] of annual Net Sales of such Licensed Product by Lyell and its Affiliates and sublicensees [\*]. Only one royalty shall be owing for the Net Sales of a Licensed Product in a country, regardless of how many Valid Claims may cover such Licensed Product.

(b) If a Licensed Product is covered by the Licensed Patents and is also covered by patent or other intellectual property rights granted by Stanford to Lyell under other license agreements, such that the aggregate royalty owing under this Agreement and such other license agreements for Net Sales of such Licensed Product would be in excess of [\*], then the royalties Lyell pays to Stanford on the Net Sales of such Licensed Product under this Agreement and such other license agreements shall be reduced, using a method to be mutually agreed upon by Stanford and Lyell at the time of execution of such other license agreements, until the total combined royalty due on the Licensed Product under both license agreements is equal to [\*].

(c) In the event that Lyell or its Affiliate or sublicensee is selling a Licensed Product for which the only claim of the Licensed Patents covering the Licensed Product is in a pending application that has been pending for more than [\*], and during the period of time after the expiration of such [\*] a Licensed Patent issues with a claim covering such Licensed Product, then Lyell shall make a one-time milestone payment to Stanford, due within [\*] after the date of issuance of such Licensed Patent, equal to the royalty that would have been due on the Net Sales of such Licensed Product under Section 4.5(a) during the period commencing on the expiration of such [\*] period and continuing until the issuance of such Licensed Patent.

(d) Notwithstanding the above, should Lyell or its Affiliates bring an action seeking to invalidate any Licensed Patent, Lyell will pay royalties to Stanford at the rate of [\*] times the royalty that would otherwise be due under this Section 4.5 on Net Sales of all Licensed Products sold during the pendency of such action. Moreover, should the outcome of such action determine that any claim of a patent challenged by Lyell or its Affiliates is both valid and infringed by a Licensed Product, Lyell will pay royalties at the rate of [\*] times the royalty that would otherwise be due under this Section 4.5 on Net Sales of all Licensed Products sold.

(e) A royalty is due Stanford under this Agreement for any activity conducted under the licenses granted. For convenience's sake, the amount of that royalty is calculated using Net Sales. Nonetheless, if certain Licensed Products are made, used, imported, or offered for sale before the date this Agreement expires or terminates, and those Licensed Products are sold after the expiration or termination date, Lyell will pay Stanford an earned royalty for its exercise of rights based on the Net Sales of those Licensed Products.

(f) Lyell shall not pay royalties into any escrow or other similar account.

#### 4.6 Sublicensing Revenues.

(a) Solely Licensed IP. If Lyell or its Affiliate grants a sublicense to a sublicensee under any of the Licensed IP Rights (and no other (sub)license to intellectual property is granted by Lyell to the applicable sublicensee), then Lyell shall pay Stanford [\*] of the Net Sublicensing Revenues received from such sublicensee. All amounts due under this Section 4.6.1 will be due and payable within [\*] after the last day of each calendar quarter in which the Net Sublicensing Revenue is received.

(b) Licensed IP With Other IP. If Lyell or its Affiliate grants a sublicense under the Licensed IP Rights together with a (sub)license to other intellectual property, then Lyell shall pay Stanford for each such sublicense granted by Lyell under the Licensed IP Rights for commercialization rights (for clarity, (i) such payment would not be due for sublicenses granted to Lyell's CROs, service providers or collaborators conducting collaborative research with, or on behalf of, Lyell, and (ii) there may be multiple sublicenses granted by Lyell to the same sublicensee as different programs are optioned by such sublicensee, and the payment specified in this Section 4.6(b) would be paid for each such separate program option opt-in or sublicense):

(i) [\*];

(ii) [\*];

(iii) [\*].

All amounts due under this Section 4.6.2 will be due and payable within [\*] in which the upfront Net Sublicensing Revenues are received.

4.7 Patent Prosecution Expenses. Lyell shall pay to Stanford one hundred percent (100%) of all expenses incurred by or on behalf of Stanford to prepare, file, prosecute, maintain and, subject to Section 9.2, defend each of the Licensed Patents for so long as Lyell is the sole licensee of the Licensed Patents from Stanford. If Stanford grants rights under a Licensed Patent to one or more licensees (i.e. under fields of use other than the Field of Use), then Lyell shall only be obligated to pay for a pro-rata share of such future expenses based on the number of licensees following execution of each such license. For purposes of clarity, the foregoing sentence only applies to a grant to a Third Party of commercial rights to a Licensed Patent and, for example, not to licenses for evaluation purposes or licenses to other not-for-profit research institutions for research purposes only. In addition, within [\*] following the Effective Date, Lyell shall pay to Stanford a payment of [\*] representing all of the past reasonable and documented expenses to file and prosecute the Licensed Patents Incurred by or on behalf of Stanford (i.e. by PICI). Lyell shall have the right at any time by providing thirty (30) days prior written notice to Stanford that it is terminating its obligation to reimburse Stanford for expenses for any particular patent application or patent included within the Licensed Patents ("Patent Termination Notice"). Upon Lyell providing a Patent Termination Notice to Stanford the applicable patent application and/or patent shall be removed from the Licensed Patents, and Lyell's license rights thereto terminated.

4.8 Grant of Restricted Stock. Lyell shall grant to Stanford a total of 910,000 shares of Lyell's common stock, par value \$0.0001 per share (the "Common Stock"), pursuant to the terms of the Restricted Stock Grant Agreement attached hereto as Exhibit B, which the parties shall execute and deliver as of the Effective Date.

#### 4.9 Purchase Right.

(A) Stanford shall have the right, but not the obligation, to purchase for cash up to [\*] (its "Share") of the securities issued by Lyell in the next Qualifying Offering, on the terms, and subject to the conditions, set forth in this Section 4.9 and Section 4.10 (the "Purchase Right").

For purposes of this Section 4.9 and Section 4.10, "Qualifying Offering" means the next private offering of Lyell's equity securities for cash having its initial closing on or after the date of this Agreement and which includes investment by one or more venture capital, professional angel, corporate or other similar institutional investors other than Stanford. For clarity, it is expected that the Qualifying Offering will be a Series B Preferred Stock financing, and it is agreed that under no circumstances will any further sales of Lyell's Series A Preferred Stock that may occur be considered a Qualifying Offering.

(B) In connection with any proposed offering that would meet the definition of a Qualifying Offering, Lyell shall give Stanford written notice (the "Offering Notice") of the material terms of the offering. The Offering Notice shall include: (i) a pre- and post- (projected) financing capitalization table; (ii) investor presentation (if available); and (iii) such other documents and information as has been provided to other prospective investors.

In order to exercise its Purchase Right, in whole or in part, in connection with the Qualifying Offering, Stanford must provide by notice given to Lyell within [\*] after receipt of the Offering Notice (such period, the "Notice Period"), and must complete its purchase of securities in the Qualifying Offering (including by executing the stock purchase agreement and other investor documents that are executed by other investors participating on the Qualifying Offering and delivering funds for such purchase to Lyell) within [\*] thereafter (or if later, at the initial closing of the Qualifying Offering).

(C) The Purchase Right shall terminate upon the earliest to occur of the following (each a "Termination Event"):

- (1) Stanford's execution of an investor rights agreement or similar agreement (each a "Rights Agreement") in connection with the Qualifying Offering so long the Rights Agreement satisfies the terms of Section 4.10 below;
- (2) Stanford purchases less than its entire Share of a Qualifying Offering;
- (3) Stanford fails to give an election notice within the Notice Period for the Qualifying Offering, or fails to complete its purchase of securities in the Qualifying Offering within the time period specified in Section 4.9(B);
- (4) The closing of a firm commitment underwritten public offering of Lyell's common stock; or
- (5) The closing of the sale of all or substantially all of Lyell's assets to a company publicly traded on one of the major recognized exchanges.

(D) The Purchase Right shall not apply to the issuance of securities: (i) to employees, individuals who are members of Lyell's Board of Directors as of the time of issuance, and service providers to Lyell pursuant to a plan approved by Lyell's Board of Directors; or (ii) as additional consideration in lending or leasing transactions; or (iii) to an entity pursuant to an arrangement that Lyell's Board of Directors determines in good faith is a strategic partnership or similar arrangement of Lyell (i.e., an arrangement in which the entity's purchase of securities is not primarily for the purpose of financing Lyell); or (iv) to owners of another entity in connection with the acquisition of that entity by Lyell.



(E) For the avoidance of doubt: (i) any securities Stanford may acquire or have the right to acquire under Section 4.8 shall not reduce the number of securities Stanford may purchase under this Section 4.9 or under any applicable Rights Agreement; and (ii) Stanford shall not be obligated to purchase under this Section 4.9 any Lyell securities it has the right to acquire under Section 4.8 above.

(F) If Lyell has entered into more than one Exclusive (Equity) Agreement or other agreement to license intellectual property from Stanford, and Stanford has fully exercised its right to purchase its Share in connection with a Qualifying Offering under any such agreement, Stanford will waive its right to purchase its Share in connection with a Qualifying Offering under all other applicable agreements. In the event that Stanford has not fully exercised its right to purchase its Share in connection with a Qualifying Offering under any agreement, then Stanford may only exercise its right to purchase under a single agreement, and will waive its right to purchase under all others.

#### 4.10 Rights Agreements; Information Rights; Notice; Elections.

(A) Lyell shall ensure that each Rights Agreement executed by Stanford in connection with a Qualifying Offering will grant to Stanford the same rights as all other investors who are parties to that Rights Agreement and who purchase an equivalent amount of securities in the Qualifying Offering. In particular, Lyell shall ensure that each such Rights Agreement will grant to Stanford the same right to purchase additional securities in future offerings, the same information rights, and the same registration rights as are granted to other parties thereto who purchase an equivalent amount of securities in the Qualifying Offering.

(B) Notwithstanding any terms to the contrary contained in any applicable Rights Agreement, Stanford shall not have any representation on the Board of Directors or rights to attend meetings of the Board of Directors.

(C) Notwithstanding any notice provision in this Agreement to the contrary, any notice given under this Agreement that refers or relates to any of Section 4.9 above or this Section 4.10 shall be copied concurrently to [pvfnotices@stanford.edu](mailto:pvfnotices@stanford.edu); provided, however, that delivery of the copy will not by itself constitute notice for any purpose under this Agreement.

### 5. ROYALTY REPORT'S AND ACCOUNTING

Royalty Reports. Within [\*] after the end of each calendar quarter during the term of this Agreement following First Commercial Sale of a Licensed Product in the Territory, or the first receipt of any Net Sublicensing Revenues by Lyell. Lyell will deliver to Stanford a true and accurate report, giving such particulars of the Net Sublicensing Revenues or Net Sales of Licensed Products by Lyell, its Affiliates and any sublicensees during the preceding calendar quarter as necessary for Stanford to account for Lyell's payments due hereunder. This report will include pertinent data, including, but not limited to:

- (a) the accounting methodologies used to account for and calculate the items included in the report and any differences in such accounting methodologies since the previous report;
- (b) a list and description of each Licensed Product included in Net Sales;
- (c) the total quantities of each such Licensed Product on a country-by-country and product-by-product basis;
- (d) the total gross sales on a country-by-country and product-by-product basis;

(e) the calculation of Net Sales on a country-by-country and product-by-product basis, including itemization of permitted class of deductions from gross revenue applied to calculate Net Sales;

(f) the exchange rates, if any, used in determining amounts in United States dollars;

(g) the royalties so computed and due Stanford, including application, if any, of the adjustments for Combination Products, on a country-by-country and product-by-product basis, and

(h) the withholding taxes, if any, required by law to be deducted with respect to the royalty payments and in accordance with this Agreement.

With respect to sales of Licensed Products invoiced in United States dollars, the gross sales, Net Sales and royalties payable shall be expressed in United States dollars. With respect to Net Sales invoiced in a currency other than United States dollars, all such amounts shall be expressed both in the currency in which the distribution is invoiced and in the United States dollar equivalent. The United States dollar equivalent shall be calculated using the average of the exchange rate (local currency per US\$1) published in The Wall Street Journal, Western Edition, under the heading "Currency Trading" on the last business day of each month during the applicable calendar quarter.

#### 5.1 Records and Audits.

(a) During the term of this Agreement and for [\*] thereafter, Lyell shall keep, and require its Affiliates and any sublicensees to keep, complete and accurate records of the manufacture, importation, sale, and use of a Licensed Product, including gross amounts billed or invoiced for the sale or disposition of Licensed Products. Net Sales, Net Sublicensing Revenues and any adjustments thereto, including adjustments for Combination Products in sufficient detail to enable the royalties and other payments due hereunder to be determined. Upon the written request of Stanford and not more than [\*], Lyell shall permit an independent certified public accounting firm of nationally recognized standing selected by Stanford and reasonably acceptable to Lyell, at Stanford's expense, to have access during normal business hours to such of the financial records of Lyell, its Affiliates and any sublicensees as may be reasonably necessary to verify the accuracy of the payment reports hereunder for the [\*] immediately prior to the date of such request (other than records for which Stanford has already conducted an audit under this Section).

(b) If such accounting firm concludes that additional amounts were owed during the audited period. Lyell shall pay such additional amounts within [\*] after the date Stanford delivers to Lyell such accounting firm's written report so concluding. The fees charged by such accounting firm shall be paid by Stanford; provided, however, if the audit discloses that the royalties or other amounts payable by Lyell for such period are more than [\*] of the amount actually paid for such period, then Lyell shall pay the reasonable fees and expenses charged by such accounting firm.

(c) Stanford shall cause its accounting firm to retain all financial information subject to review under this Section 5.1 in strict confidence; provided, however, that Lyell shall have the right to require that such accounting firm, prior to conducting such audit, enter into an appropriate non-disclosure agreement with Lyell regarding such financial information. The accounting firm shall disclose to Stanford only whether the reports are correct or not and the amount of any discrepancy. No other information shall be shared. Stanford shall treat all such financial information as Lyell's Confidential Information in accordance with this Agreement.

5.2 No Refund. In the event that a validity or non-infringement challenge of a Licensed Patent brought by Lyell is successful, Lyell will have no right to recoup any royalties paid before or during the period challenge.

5.3 Termination Report. Lyell will pay to Stanford all applicable royalties and submit to Stanford a written report within [\*] after the license terminates. Lyell will continue to submit earned royalty payments and reports to Stanford after the license terminates, until all Licensed Products made or imported under the license have been sold.

## 6. PAYMENTS

6.1 Payment Terms. Royalties shown to have accrued by each royalty report provided for under Section 5 shall be due on the date such royalty report is due. Payment of royalties in whole or in part may be made in advance of such due date.

6.2 Withholding Taxes. Lyell shall be entitled to deduct the amount of any withholding taxes, value-added taxes or other taxes, levies or charges with respect to such amounts, other than United States taxes, that are required by applicable law to be withheld by Lyell, its Affiliates or sublicensees from the royalty payments due Stanford, to the extent Lyell, its Affiliates or sublicensees pay to the appropriate governmental authority on behalf of Stanford such taxes, levies or charges. Lyell shall use reasonable efforts to minimize any such taxes, levies or charges required to be withheld on behalf of Stanford by Lyell, its Affiliates or sublicensees. Lyell promptly shall deliver to Stanford proof of payment of all such taxes, levies and other charges, together with copies of all communications from or with such governmental authority with respect thereto.

6.3 Dispute Resolution. Any dispute between the parties regarding any payments made or due under this Agreement will be settled by arbitration in accordance with the JAMS Arbitration Rules and Procedures, provided that in the case of a good faith dispute as to the amount due, the cure period under Section 10.3 will be tolled until the amount due has been finally determined in such an arbitration. The parties are not obligated to settle any other dispute that may arise under this Agreement by arbitration. Either party may request such arbitration. Stanford and Lyell will mutually agree in writing on a third-party arbitrator within [\*] of the arbitration request. The arbitrator's decision will be final and nonappealable and may be entered in any court having jurisdiction. The parties will be entitled to discovery as if the arbitration were a civil suit in the California Superior Court. The arbitrator may limit the scope, time, and issues involved in discovery. The arbitration will be held in Stanford, California unless the parties mutually agree in writing to another place. Any dispute regarding the validity of any Licensed Patent shall be litigated in the courts located in Santa Clara County, California, and the parties agree not to challenge personal jurisdiction in that forum. Notwithstanding the foregoing, if Stanford has a dispute regarding the royalty payments owing under this Agreement, Stanford will first conduct an audit under the terms of Section 5.1 before bringing such dispute for arbitration under this Section 6.3.

## 7. RESEARCH AND DEVELOPMENT OBLIGATIONS

7.1 Research and Development Efforts. Because the Licensed IP Rights are not yet commercially viable as of the Effective Date, Lyell shall, directly or through its Affiliates or sublicensees, use commercially reasonable efforts to develop, manufacture, and sell Licensed Product and will use commercially reasonable efforts to develop markets for Licensed Product. In addition, Lyell will meet the milestones shown in Exhibit C, and notify Stanford in writing as each milestone is met. If any Licensed Patent has not been used in research, development or otherwise by Lyell or its Affiliates or sublicensees to develop any Licensed Product during the [\*] period commencing on the date such Licensed Patent was first added to this Agreement (each, an "Unused Licensed Patent"), then Stanford

shall notify Lyell in writing. If Lyell has not prepared a bona fide development plan acceptable to Stanford (such acceptance not to be unreasonably withheld) or commenced the good faith development of a Licensed Product, which will include providing a development plan to Stanford showing a commercially reasonable path towards sales of a Licensed Product, that is covered by such Unused Licensed Patent within [\*] of the date of such written notice, then all license and rights to such Unused Licensed Patent(s) shall terminate and revert to Stanford at the end of such [\*] period, but only with respect to the Unused Licensed Patent. For clarity, a Licensed Product may be covered by multiple Licensed Patents and Lyell shall be deemed to have satisfied its diligence obligations with respect to each Licensed Patent if Lyell or an Affiliate or sublicensee is pursuing development of at least one lead candidate Licensed Product that is covered by such Licensed Patent in any country in accordance with development plan that is shared with Stanford.

7.2 Records. Until [\*] after termination or expiration of this Agreement, Lyell shall maintain records, in sufficient detail and in good scientific manner, which shall reflect all work done and results achieved in the performance of its research and development regarding the Licensed Products.

7.3 Reports. Within [\*] following the end of each calendar year during the term of this Agreement or after termination or expiration of this Agreement, Lyell shall prepare and deliver to Stanford a written summary report which shall describe (a) the research performed to date employing the Licensed IP Rights, (b) the progress of the development and commercialization over the last year by each Licensed Product and country or territory, including testing of each Licensed Product in a clinical trial, (c) the status of obtaining Regulatory Approval to market each Licensed Product in a country or territory, (d) the plans of each of Lyell, its Affiliates and any sublicensees for research and development of Licensed Products for the next [\*] or through termination or expiration of this Agreement, whichever occurs first and (e) specifically describe how each Licensed Product is related to each Licensed Patent. Lyell will provide additional detail upon request by Stanford.

## 8. CONFIDENTIALITY

8.1 Confidential Information. During the term of this Agreement, and for a period of [\*] following the expiration or earlier termination hereof, each party shall maintain in confidence all information of the other party that is disclosed by the other party and identified as, or acknowledged to be, confidential at the time of disclosure (the "Confidential Information"), and shall not use, disclose or grant the use of the Confidential Information except on a need-to-know basis to those directors, officers, affiliates, employees, permitted licensees, permitted assignees and agents, consultants, collaborators, clinical investigators or contractors, to the extent such disclosure is reasonably necessary in connection with performing its obligations or exercising its rights under this Agreement. Each party shall use at least the same degree of care with the other party's confidential information as they use to protect their own confidential information. Stanford may disclose the terms of this Agreement to PICI and the technology transfer designee from each of the PICI-affiliated research institutions (all under appropriate confidentiality obligations). To the extent that disclosure is authorized by this Agreement, prior to disclosure, each party hereto shall obtain agreement of any such person or entity to hold in confidence and not make use of the Confidential Information for any purpose other than those permitted by this Agreement, except that Stanford may acknowledge the existence of this Agreement and the extent of the grant in Article 3 to third parties and provide aggregated financial information in standard reports, provided that such financial information is aggregated in a manner that would not allow discovery of any financial information specific to Lyell. Lyell hereby grants permission for Stanford to include Lyell's name and a link to Lyell's website in Stanford's annual reports and on Stanford's websites that showcase technology transfer related stories. Each party shall notify the other promptly upon discovery of any unauthorized use or disclosure of the other party's Confidential Information.

8.2 Permitted Disclosures. The confidentiality obligations contained in Section 8.1 shall not apply to the extent that (a) any receiving party (the “Recipient”) is required (i) to disclose information by law, regulation or order of a governmental agency or a court of competent jurisdiction, or (ii) to disclose information to any governmental agency for purposes of obtaining approval to test or market a product, provided in either case that the Recipient shall provide written notice thereof to the other party and sufficient opportunity to object to any such disclosure or to request confidential treatment thereof; or (b) the Recipient can demonstrate that (i) the disclosed information was public knowledge at the time of such disclosure to the Recipient, or thereafter became public knowledge, other than as a result of actions of the Recipient in violation hereof; (ii) the disclosed information was rightfully known by the Recipient (as shown by its written records) prior to the date of disclosure to the Recipient by the other party hereunder; (iii) the disclosed information was disclosed to the Recipient on an unrestricted basis from a source unrelated to any party to this Agreement and not under a duty of confidentiality to the other party; or (iv) the disclosed information was independently developed by the Recipient without use of the Confidential Information disclosed by the other party. Notwithstanding any other provision of this Agreement, Lyell may disclose Confidential Information of Stanford, or the terms of this Agreement, to any Third Party with whom Lyell has, or is proposing to enter into, a business relationship, as long as such Third Party has entered into a confidentiality agreement with Lyell.

8.3 Remedies. The parties each acknowledge and agree that a breach of this Section 8 may cause irreparable harm to the non-breaching party for which the award of money damages may be inadequate. The parties therefore agree that in the event of any breach of this Section 8, the non-breaching party will be entitled to seek injunctive relief in addition to seeking any other remedy provided in this Agreement or available at law.

8.4 Terms of this Agreement. Except as otherwise provided in Section 8.2, Stanford and Lyell shall not disclose any terms or conditions of this Agreement to any Third Party without the prior consent of the other party. Notwithstanding the foregoing, prior to execution of this Agreement, Lyell and Stanford have agreed upon the substance of information that can be used to describe the terms of this transaction, and Lyell and Stanford may disclose such information, as modified by mutual agreement from time to time, without the other party’s consent.

## 9. PATENTS

### 9.1 Patent Prosecution and Maintenance.

(a) Stanford shall have the first right, using in-house or outside legal counsel selected by Stanford, to prepare, file, prosecute, maintain and defend patents and patent applications in the Licensed Patents that are solely owned by Stanford in its own name in the United States of America and in any other countries in the Territory. Stanford shall use reasonable efforts to deliver to Lyell reasonably complete drafts of all material submissions to patent authorities relating to the Licensed Patents, including, without limitation, patent applications and amendments, and, to the extent feasible, to give Lyell a reasonable opportunity to comment on such documents prior to their filing. Lyell shall provide any such comments promptly. Stanford shall consider Lyell’s comments and requests with regard to the preparation, filing, prosecution, maintenance and/or defense of the Licensed Patents in good faith, including filing separate applications (or dividing existing applications) to separate the Field of Use from other fields of use. Stanford shall also provide Lyell copies of material documents received from such patent authorities relating to the Licensed Patents. If Stanford notifies Lyell of its proposal to file a patent application that is to be included in the Licensed Patent hereunder in any country in the Territory and Lyell notifies Stanford in writing within [\*] thereafter that it does not agree to such filing, then Stanford will have the right to file and prosecute such patent application in such country at its own expense, and such patent application and any patent issuing thereon will not be included in the Licensed

Patents under this Agreement. Stanford shall take all commercially reasonable steps to cause patents and patent applications within the Licensed Patents to be diligently prosecuted and maintained. If Stanford decides to abandon or allow to lapse any patent application or any claim of any patent included in the Licensed Patents or not pursue patent protection for any foreign patent. Stanford shall notify Lyell at least [\*] before such decision would be effective, and Lyell shall have the right to file, prosecute, and maintain, as applicable, such patent or patent application at Lyell's expense, provided that Lyell may thereafter abandon or allow to lapse any or all patents or patent applications for which it is responsible.

(b) With respect to any Licensed Patents that are jointly owned by the parties, Lyell shall be responsible for and shall control, at its sole cost, the preparation, filing, prosecution, maintenance, defense and extension of such Licensed Patents. Lyell shall use reasonable efforts to deliver to Stanford reasonably complete drafts of all material submissions to patent authorities relating to the Licensed Patents, including, without limitation, patent applications and amendments, and, to the extent feasible, to give Stanford a reasonable opportunity to comment on such documents prior to their filing. Stanford shall provide any such comments promptly. Lyell shall consider Stanford's comments and requests with regard to the preparation, filing, prosecution, maintenance and/or defense of the Licensed Patents in good faith. Lyell shall also promptly provide Stanford copies of material documents received from such patent authorities relating to the Licensed Patents. If Lyell decides to abandon or allow to lapse any jointly owned patent application or any claim of any jointly owned patent included in the Licensed Patents or not pursue patent protection for any foreign patent, Lyell shall notify Stanford at least [\*] before such decision would be effective, and Stanford shall have the right to file, prosecute, and maintain, as applicable, such patent or patent application at Stanford's expense, provided that Stanford may thereafter abandon or allow to lapse any or all such patents or patent applications for which it is responsible.

9.2 Enforcement of Patent Rights. Each party will promptly notify the other if it believes a third party infringes a Licensed Patent or if a Third Party files a declaratory judgment action with respect to any Licensed Patent. The parties agree to use reasonable efforts to settle with the Third Party without litigation. If reasonable efforts are unsuccessful and Lyell (or its sublicensee, as applicable):

- (a) provides written evidence of the infringement to Stanford, and
- (b) is diligently developing, offering for sale, or selling Licensed Product,

then during the term of this Agreement, Lyell shall have the first right to institute and prosecute a suit or defend any declaratory judgment action with respect to Exclusive Licensed Patents in the Territory and only in the Field of Use, so long as it conforms with the requirements of this Section. If Lyell decides to institute suit, it will notify Stanford in writing. Lyell will diligently pursue the suit and Lyell will bear the entire cost of the litigation, including expenses and counsel fees incurred by Stanford. Lyell will keep Stanford reasonably apprised of all developments in the suit and will make a good faith effort to incorporate Stanford's input on any substantive submissions or positions taken in the litigation regarding the scope, validity and enforceability of the Licensed Patent. Lyell will not initiate, prosecute, settle or otherwise compromise any such suit in a manner that adversely affects Stanford's interests without Stanford's prior written consent. Stanford may be named as a party only if:

- (c) Lyell's counsel recommend that such action is necessary in their reasonable opinion to achieve standing;
- (d) Stanford is not the first named party in the action; and
- (e) the pleadings and any public statements about the action state that Lyell is pursuing the action and that Lyell has the right to join Stanford as a party.

Lyell shall reimburse Stanford for all reasonable legal fees and costs incurred by Stanford in connection with any action described in this Section 9.2. With respect to any damages, profits or awards of whatever nature recovered from any such action other than for willful infringement, after reimbursement of reasonable legal costs and expense related to such enforcement, the balance of any recovery shall be distributed as follows: [\*]. Recovery for willful infringement will be [\*]. For clarity, if any recovery comes in the form of a sublicense, then all sections related to sublicenses under this Agreement will apply to such sublicense, including, but not limited to, revenue sharing and earned royalty payments. Lyell shall not settle any suits or actions in any manner relating to the Licensed Patents that is detrimental to Stanford or to the scope or validity of Licensed Patents, without obtaining the prior written consent of Stanford, which consent shall not be unreasonably withheld or delayed. If Lyell does not file suit against, or otherwise take any action to stop, a substantial infringer of any Licensed Patent in the Field of Use within [\*] of a written request by Stanford to do so, then Stanford may, at its sole discretion and expense, enforce any patent licensed hereunder on behalf of itself and Lyell (as to which Lyell agrees to be joined as a party plaintiff), and after reimbursement of reasonable legal costs and expenses related to such enforcement, the balance of any recovery shall be distributed as follows: [\*].

9.3 Patent Term Extensions. Lyell shall have the right, on a product by product basis, to select a patent within the Licensed Patents to seek a term extension for or supplementary protection certificate under in accordance with the applicable laws of any country. Each party agrees to execute any documents and to take any additional actions as the other party may reasonably request in connection therewith. Lyell shall consult with Stanford and consider its views in good faith before applying for a patent term extension or supplementary protection certificate for any Licensed Product.

## 10. TERMINATION

10.1 Expiration. Subject to Sections 10.2 and 10.3 below, this Agreement shall expire on the expiration of Lyell's obligation to pay royalties to Stanford under Section 4.5. After expiration of this Agreement (but not earlier termination). Lyell shall have a fully paid-up, non-exclusive license under the Licensed Know-How to conduct research and to develop, make, have made, use, sell, offer for sale and import Licensed Products in the Territory for use in the Field of Use.

10.2 Termination by Lyell. Lyell may terminate this Agreement, in its sole discretion, upon [\*] prior written notice to Stanford.

10.3 Termination for Cause. Except as otherwise provided in Section 13, Stanford may terminate this Agreement upon or after the breach of any material provision of this Agreement by Lyell if Lyell has not cured such breach within [\*] after receipt of written notice thereof by Stanford; provided, however, if any default is not capable of being cured within such [\*] period and Lyell can provide written documentation satisfactory to Stanford that it is diligently undertaking to cure such default as soon as commercially feasible thereafter under the circumstances, Stanford shall have no right to terminate this Agreement. Material provisions will include but not be limited to Lyell being delinquent on any report or payment, not diligently developing or commercializing Licensed Product, missing any milestones described in Exhibit C, failure to comply with Sections 3 and 11 or to comply with applicable laws, or providing any false reports, provided that the foregoing notice and cure procedures will still apply to a breach of any of the foregoing material provisions.

### 10.4 Effect of Expiration or Termination.

(a) Upon termination pursuant to Section 10.3, if there are then outstanding any valid, written sublicense agreements under which Lyell has granted a sublicense to a Third Party and the sublicensee thereunder is in good standing pursuant to the sublicense agreement, then the sublicensee

shall have the right to notify Stanford within [\*] of notice of termination of this Agreement that it wishes to enter into a direct license with Stanford in order to retain its rights to the Licensed IP Rights granted to it under its sublicense agreement. Following receipt of such notice, Stanford and the sublicensee shall enter into a license agreement the terms of which would be substantially similar to the terms of this Agreement; however, the scope of the direct license, the licensed territory, and the duration of the license grant would be limited to the corresponding terms granted by Lyell to the sublicensee, i.e., the sublicensee shall be granted at least the same scope of rights as it obtained from Lyell under its sublicense agreement, which scope shall not exceed the scope set forth in this Agreement. The financial terms of the direct license agreement, including without limitation the running royalty rate and milestone payments, would be identical to the corresponding financial terms set forth in this Agreement, provided that Stanford would consider in good faith reducing the non-running royalty financial payments where there are multiple direct licensees or such direct licensee has a reduced scope compared with the Agreement.

(b) Expiration or termination of this Agreement shall not relieve the parties of any obligation accruing prior to such expiration or termination, including the obligation for Lyell to pay royalties accrued or accruable, any claim of Lyell or Stanford, accrued or to accrue, because of any breach or default by the other party, and the provisions of Sections 2, 5.7.2, 7.3, 8, 9, 10, 11 and 15 and any other provision that by its nature is intended to survive, shall survive the expiration or termination of this Agreement.

## 11. INDEMNIFICATION

11.1 Indemnification. Lyell shall defend, indemnify and hold harmless Stanford, Stanford Health Care and Lucile Packard Children's Hospital at Stanford and their directors, officers, employees, contractors, representatives, students, volunteers and agents (collectively, "Stanford Indemnitees") and PICI, its directors, officers, employees, contractors, representatives and agents (collectively, "PICI Indemnitees"; collectively with Stanford Indemnitees. "Indemnitees") from all losses, liabilities, damages, claims, judgments and expenses (including attorneys' fees and costs) incurred as a result of any third party claim, demand, action, suit or proceeding arising out of or related to the exercise of any rights granted Lyell under this Agreement or any breach of this Agreement by Lyell, its Affiliates or a sublicensee, or the negligence or willful misconduct of Lyell, its Affiliates or a sublicensee in the performance of the obligations wider this Agreement, except in each case to the extent such claim is determined with finality by a court of competent jurisdiction to result from the gross negligence or willful misconduct of Stanford.

11.2 Procedure. Stanford will reasonably promptly notify Lyell of any liability or action in respect of which Stanford intends to claim such indemnification, and Lyell shall assume the defense thereof (including settlement negotiations) with counsel selected by Lyell, provided that (1) Lyell must do so in a manner that does not adversely affect Indemnitees' interests unless otherwise expressly agreed by Indemnitee in writing; (2) it must coordinate with Stanford in the review of proposed settlement terms and must obtain Indemnitee's prior written consent to any settlement if such settlement would require any Indemnitee to assume any liability, admit any fault and/or otherwise agree to take or not take any action, such consent not to be unreasonably withheld or delayed, (3) it will select legal counsel with experience in similar actions and which is reasonably acceptable to Stanford, (4) the defense activities to be taken by Lyell shall not impair the Indemnitees' reputation or admit or increase any unindemnified liability of the Indemnitees without consent from the affected Indemnitees; and (5) Lyell will be responsible for the costs of such defense, settlement and proceedings. The indemnitees shall have the right to retain separate counsel and participate in the defense of the action or claim at its own expense. The indemnity agreement in this Section 11 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of Lyell, which consent shall not be withheld or delayed unreasonably. The failure to deliver notice to Lyell within a reasonable time after the



commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve Lyell of any liability to Stanford under this Section 11 to the extent of the prejudice thereby caused, but the omission to deliver notice to Lyell will not relieve it of any liability that it may have to Stanford otherwise than under this Section 11. Stanford under this Section II and the other Indemnitees shall cooperate fully with Lyell and its legal representatives in the investigation and defense of any action, claim or liability covered by this indemnification.

PICI is an intended third-party beneficiary of this Agreement and has the right to enforce in its own name any provision of this Agreement (i) providing indemnification or similar protection for PICI, its trustees, officers, employees or agents, or (ii) otherwise expressly naming PICI other than solely to identify an individual's institutional affiliation.

11.3 Insurance. During the term of this Agreement. Lyell will maintain Commercial General Liability Insurance with a reputable and financially secure insurance carrier to cover the activities of Lyell and its affiliates and sublicensees. The insurance will provide minimum limits of liability of [\*] per occurrence and [\*] annual aggregate and will include all Indemnitees as additional insureds. Prior to the time when any Licensed IP Rights are being used by Lyell in human clinical trials or Licensed Products are being sold or distributed by Lyell or an Affiliate or sublicensee, and continuing during the term of this Agreement, Lyell will maintain Comprehensive General Liability Insurance, Clinical Trial Insurance and Product Liability Insurance, with a reputable and financially secure insurance carrier to cover the activities of Lyell and its Affiliates and its sublicensees. The insurance will provide minimum limits of liability of [\*] per occurrence and [\*] annual aggregate and will include all Indemnitees as additional insureds. Insurance must cover claims incurred, discovered, manifested, or made during or after the expiration of this Agreement and must be placed with carriers with ratings of at least A- as rated by A.M. Best. Within [\*] after Stanford's request, Lyell will furnish a Certificate of Insurance evidencing primary coverage and additional insured requirements. Lyell will provide to Stanford [\*] prior written notice of cancellation or material change to this insurance coverage. Lyell will advise Stanford in writing that it maintains excess liability coverage (following form) over primary insurance for at least the minimum limits set forth above. All insurance of Lyell will be primary coverage; insurance of Indemnitees will be excess and noncontributory.

11.4 Limitation of Liability. EXCEPT WITH RESPECT TO INDEMNIFICATION OBLIGATIONS OR EITHER PARTY'S INFRINGEMENT OF THE OTHER PARTY'S INTELLECTUAL PROPERTY, RESPECTIVELY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS) ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT OR ITS SUBJECT MATTER, REGARDLESS OF WHETHER THE OTHER PARTY KNOWS OR SHOULD KNOW OF THE POSSIBILITY OF SUCH DAMAGES. STANFORD SHALL NOT HAVE ANY RESPONSIBILITIES OR LIABILITIES WHATSOEVER WITH RESPECT TO LICENSED PRODUCTS.

## 12. NAMES AND MARKS

Lyell will not use, and will ensure that its Affiliates and sublicensees will not use, (i) Stanford's or PICI's name or other trademarks, (ii) the name or trademarks of any organization related to Stanford or PICI, or (iii) the name of any Stanford or PICI faculty member, employee, student or volunteer, in each case in relation to any marketing, promotion or publicity regarding this Agreement, which includes, but is not limited to, use in press releases, advertising, marketing materials, other promotional materials, presentations, case studies, reports, websites, application or software interfaces, and other electronic media. Notwithstanding the foregoing, Lyell may include Stanford's name in factual statements in legal proceedings (including those required by applicable law or regulation), patent applications and other

regulatory filings. In addition, Lyell may make a short factual statement that identifies Stanford as the licensor of the rights granted under this Agreement including in the "About Lyell or other similar section of the Lyell website.

Subject to Section 8.1 of this Agreement, Stanford will not use, and will ensure that its Affiliates and sublicensees will not use, (i) Lyell's name or other trademarks, (ii) the name or trademarks of any organization related to Lyell, or (iii) the name of any Lyell employee, in each case in relation to any marketing, promotion or publicity regarding this Agreement, which includes, but is not limited to, use in press releases, advertising, marketing materials, other promotional materials, presentations, case studies, reports, websites, application or software interfaces, and other electronic media.

#### 13. FORCE MAJEURE

Neither party shall be held liable or responsible to the other party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement to the extent, and for so long as, such failure or delay is caused by or results from causes beyond the reasonable control of the affected party including but not limited to fire, floods, embargoes, war, acts of war (whether war be declared or not), acts of terrorism, insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority or the other party, provided, that the affected party promptly notifies the other party of the event or situation causing the failure or delay, keeps the other party informed of the steps being taken to remedy it and exerts all reasonable and diligent efforts to avoid and to promptly remedy the failure or delay.

#### 14. EXPORT

Lyell and its affiliates and sublicensees will comply with all applicable United States laws and regulations controlling the export of licensed commodities and technical data relating to this Agreement. (For the purpose of this paragraph, "licensed commodities" means any article, material or supply but does not include information; and "technical data" means tangible or intangible technical information that is subject to U.S. export regulations, including blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, manuals and instructions.) These laws and regulations may include, but are not limited to, the Export Administration Regulations (15 CFR 730-774), the International Traffic in Arms Regulations (22 CFR 120-130) and the various economic sanctions regulations administered by the U.S. Department of the Treasury (31 CFR 500-600).

Among other things, these laws and regulations may prohibit or require a license for the export or retransfer of certain commodities and technical data to specified countries, entities and persons. Lyell hereby gives written assurance that it will comply with, and will cause its affiliates and sublicensees to comply with all United States export control laws and regulations, that it understands it may be held responsible for any violation of such laws and regulations by itself or its affiliates or sublicensees, and that it will indemnify, defend and hold Stanford harmless for the consequences of any such violation.

#### 15. MARKING

Before any Licensed Patent issues and to the extent practicable, Lyell will mark Licensed Product (or its packaging or a product website) with the words "Patent Pending." Otherwise, to the extent practicable, Lyell will mark Licensed Product with the number of any issued Licensed Patent.

16. MISCELLANEOUS

16.1 Legal Action. Lyell will provide written notice to Stanford at least [\*] prior to bringing an action seeking to invalidate any Licensed Patent or a declaration of non-infringement. Lyell will include with such written notice an identification of all prior art it believes invalidates any claim of the Licensed Patent.

16.2 Notices. Any consent, notice or report required or permitted to be given or made under this Agreement by one of the parties hereto to the other party shall be in writing, delivered by any lawful means to such other party at its address indicated below, or to such other address as the addressee shall have last furnished in writing to the addressor and (except as otherwise provided in this Agreement) shall be effective upon receipt by the addressee.

If to Stanford:

All general notices to Stanford are e-mailed or mailed to:

[\*]

All payments to Stanford are mailed to:

[\*]

All progress reports to Stanford are e-mailed or mailed to:

[\*]

if to Lyell:

[\*]

16.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law principles thereof.

16.4 Assignment. Neither party shall assign its rights or obligations under this Agreement without the prior written consent of the other party; provided, however, that Lyell may, without such consent, assign this Agreement and its rights and obligations hereunder (i) to any Affiliate or (ii) in connection with the transfer or sale of all or substantially all of its business to which this Agreement relates, or in the event of its merger, consolidation, change in control or similar transaction and provided. Any permitted assignee shall assume in writing all obligations of its assignor under this Agreement.

16.5 Waivers and Amendments. No change, modification, extension, termination or waiver of this Agreement, or any of the provisions herein contained, shall be valid unless made in writing and signed by duly authorized representatives of the parties hereto.

16.6 Entire Agreement. This Agreement embodies the entire agreement between the parties and supersedes any prior representations, understandings and agreements between the parties regarding the subject matter hereof. There are no representations, understandings or agreements, oral or written, between the parties regarding the subject matter hereof that are not fully expressed herein.

16.7 Exclusive Forum. The state and federal courts having jurisdiction over Stanford, California, United States of America, provide the exclusive forum for any court action between the parties relating to this Agreement. Lyell submits to the jurisdiction of such courts, and waives any claim that such a court lacks jurisdiction over Lyell or constitutes an inconvenient or improper forum.

16.8 Severability. Any of the provisions of this Agreement which are determined to be invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability in such jurisdiction, without rendering invalid or unenforceable the remaining provisions hereof and without affecting the validity or enforceability of any of the terms of this Agreement in any other jurisdiction.

16.9 Waiver. The waiver by either party hereto of any right hereunder or the failure to perform or of a breach by the other party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by said other party whether of a similar nature or otherwise.

16.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, with facsimile and pdf signatures binding as if originally executed.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Effective Date.

The Board of Trustees of the Leland Stanford Junior  
University

By: /s/ Karin Immergluck

Name: Karin Immergluck

Title: Executive Director, Technology Licensing

Lyell Immunopharma, Inc.

By: /s/ Akira Matsuno

Name: Akira Matsuno

Title: CFO & Head of Corporate Development

EXISTING PATENTS

[\*]

RESTRICTED STOCK GRANT AGREEMENT

Diligence milestones

[\*]

Lyell Immunopharma, Inc.  
400 E. Jamie Court, Suite 301  
South San Francisco, CA 94080  
October 01, 2020

Stanford University  
Office of Technology Licensing  
415 Broadway Street, 2<sup>nd</sup> Floor  
Redwood City, CA 94063

Re: Success Payment Commitment

Ladies and Gentlemen:

The Board of Trustees of the Leland Stanford Junior University, an institution of higher education having powers under the laws of the State of California (“**Stanford**”) and Lyell Immunopharma, Inc., a Delaware corporation (the “**Company**”), for good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, covenant and agree as follows:

1. Success Payments. In consideration for Stanford entering into the Collaboration and Master Sponsored Research Agreement dated as of the date hereof (“**Collaboration Agreement**”), the Company agrees to make Success Payments to Stanford in accordance with this Section 1.

(a) If a Measurement Date occurs during the Success Payment Period, and the Current Value Multiple on such Measurement Date is equal to or exceeds any of the trigger values set forth in Exhibit A attached hereto (each, a “**Trigger Value**”) then the Company shall be obligated to make a Success Payment to Stanford. For the avoidance of doubt, if the Success Payment Period ends due to the occurrence of a Change of Control Transaction, then the Company shall make any Success Payment required in connection with the Measurement Date corresponding to the closing of such Change of Control Transaction, and no additional Success Payments shall become due thereafter.

(b) In the event any Measurement Date occurs during the Success Payment Period, the Company will provide written notice to Stanford (each, a “**Success Notice**”) within twenty (20) calendar days thereof. Each Success Notice shall reference this letter agreement and shall set forth the occurrence that constitutes a Measurement Date, the Fair Market Value of one Series A Preferred Stock Equivalent, and the Current Value Multiple with respect to such Measurement Date. For the avoidance of doubt, Stanford shall not be bound by and may contest any of the determinations of the Company stated in the Success Notice with respect to whether a Measurement Date has occurred, the Fair Market Value of one Series A Preferred Stock Equivalent, and the Current Value Multiple with respect to the Measurement Date.

(c) Any Success Payment that the Company becomes obligated to make pursuant to Section 1(a) shall be due and payable on the Success Payment Date corresponding to such Success Payment, and shall be paid in cash or cash equivalents or, in the Company’s sole discretion, may instead be paid in the form of publicly-tradable shares of the Company’s common stock, in which case such shares of common stock shall be deemed to have a value equal to the Closing Trading Price as of the trading day immediately prior to the Success Payment Date. Furthermore, any Company Sale Success Payment that relates to a Change of Control Transaction in which the consideration paid to stockholders of the Company consists of publicly-tradable shares of common stock of the acquiring entity or its parent or affiliate, such Success Payment may also, in the Company’s (or acquiring entity’s) sole discretion, be paid in the form of such publicly-tradable shares of common stock of the acquiring entity or its parent or affiliate, in which case such shares of common stock shall be deemed to have a value equal to the Closing Trading Price as of the trading day immediately prior to the Success Payment Date.



For purposes of the foregoing, shares of common stock shall be considered “publicly-tradable” if they are not subject to any private placement investment letter restrictions, contractual “market stand-off” restrictions or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder’s status as an affiliate or former affiliate).

(d) Any entity that acquires the Company (or acquires substantially all of the Company’s assets) pursuant to a Change of Control Transaction, shall arrange or cause the Company to arrange for the payment to Stanford, at or prior to the closing of such Change of Control Transaction, of any Success Payments that have become due but are not yet paid as of the closing of the Change of Control Transaction, together with any additional Success Payment that becomes due as a result of the closing of the Change of Control Transaction.

(e) For purposes of this letter agreement:

“**Affiliate**” means, with respect to any entity, another entity that either directly or indirectly, through one (1) or more intermediaries, Controls, is Controlled by or is under common Control with, such entity.

“**Change of Control Transaction**” means either (a) the acquisition of the Company by another entity that is not an Affiliate of the Company by means of any transaction or series of related transactions to which the Company is party (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) that results in the voting securities of the Company outstanding immediately prior thereto failing to represent immediately after such transaction or series of transactions (either by remaining outstanding or by being converted into voting securities of the surviving entity or the entity that controls such surviving entity) a majority of the total voting power represented by the outstanding voting securities of the Company, such surviving entity or the entity that controls such surviving entity; (b) a sale, lease or other conveyance of all or substantially all of the assets of the Company to another entity that is not an Affiliate of the Company; or (c) any Deemed Liquidation Event (as defined in the Company’s Certificate of Incorporation, as may be amended from time to time) that results in the liquidation of the Company and the distribution of transaction proceeds to the Company’s equity holders.

“**Closing Trading Price**” means, with respect to any publicly-tradable security as of a specific date, the closing trading price for such security on the primary securities exchange on such securities trade, as reported by Bloomberg.

“**Company Sale Success Payment**” means a Success Payment arising as a result of a Measurement Date relating to the closing of a Change of Control Transaction.

“**Control**” means with regard to any entity, the legal or beneficial ownership, directly or indirectly, of fifty percent (50%) or more of the shares (or other ownership interest, if not a corporation) of such entity through voting rights or through the exercise of rights pursuant to agreement, or the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity.

“**Current Value Multiple**” means, with respect to a Measurement Date, the quotient of (A) the Success Payment Value as of such Measurement Date divided by (B) \$1.8288, which is the original purchase price for a single share of Series A Preferred Stock.

“**Fair Market Value**” shall have the meaning set forth in Exhibit B attached hereto.

**“Initial Public Offering”** means the closing of the Company’s first firm commitment underwritten public offering of the Company’s Common Stock pursuant to a registration statement filed under the Securities Act of 1933, as amended.

**“Measurement Date”** means each of the following dates that occur during the Success Payment Period: (i) the one year anniversary of the date on which the Company completes an Initial Public Offering; (ii) the two year anniversary of the date on which the Company completes an Initial Public Offering, and each two year anniversary thereafter (i.e., the four year anniversary, six year anniversary, etc. of the date on which the Company completes an Initial Public Offering); (iii) the closing of a Change of Control Transaction and (iv) the last day of the Success Payment Period, unless the Success Payment Period has ended due to the closing of a Change of Control Transaction. For clarity, if the Success Payment Period ends due to the occurrence of a Change of Control Transaction, then there shall be a single Measurement Date on the closing of the Change of Control Transaction.

**“Series A Preferred Stock Equivalent”** means a number of shares of the Company’s Series A Preferred Stock, par value \$0.0001 per share, equal to one (1) share, as such number may be adjusted to account for any stock splits, stock combinations or stock dividends that occur with respect to the Series A Preferred Stock after the date of this letter agreement. Furthermore, if the Series A Preferred Stock is converted into shares of Common Stock, whether in connection with an Initial Public Offering or otherwise, then and thereafter “Series A Preferred Stock Equivalent” shall mean the number of shares of the Common Stock that are issued in such conversion in respect of the number of shares of Series A Preferred Stock that immediately prior to such conversion constituted one Series A Preferred Stock Equivalent, as may be further adjusted to account for any stock splits, stock combinations or stock dividends that subsequently occur with respect to the Common Stock.

**“Success Payment”** means, with respect to a Measurement Date, the positive difference, if any between (A) the amount (in millions) set forth in Exhibit A beneath the greatest Trigger Value that the Current Value Multiple as of the Measurement Date meets or exceeds, less (B) the sum of all payments previously made or owing to Stanford pursuant to this Section 1 in connection with previous Measurement Dates. In no event will the aggregate amount of Success Payments that become due under this letter agreement exceed \$200.0 million.

**“Success Payment Date”** means (i) with respect to any Company Sale Success Payment, the earlier of (a) the date on which any proceeds from the Change of Control Transaction are paid or distributed to stockholders of the Company, and (b) the date that is ninety (90) days after the Measurement Date corresponding to the closing of the Change of Control Transaction, and (ii) with respect to any other Success Payment, the date that is forty five (45) days after the Measurement Date pursuant to which such Success Payment obligation arises.

**“Success Payment Period”** means the period of time that commences on the date of this letter agreement, and ends on the earlier to occur of (i) the nine year anniversary of the date of this letter agreement, and (ii) the closing of a Change of Control Transaction.

**“Success Payment Value”** means, as of a Measurement Date, the sum of (i) the Fair Market Value of one Series A Preferred Stock Equivalent as of such Measurement Date and (ii) the amount, if any, of any dividends and other distributions (including the fair market value of non-cash distributions) made in respect of one Series A Preferred Stock Equivalent on or before such Measurement Date.

**“90 Day Weighted Average Trading Price”** means, with respect to any publicly-tradable security as of a specific date, the simple arithmetic average of the volume-weighted average trading price for all trading days occurring during the ninety (90) calendar day period preceding such date, as reported by Bloomberg.

2. Example Success Payment Calculations. The following are hypothetical examples, provided solely for purposes of illustration, of how the calculations described in this letter agreement are intended to operate:

(a) Assume that after the date hereof, the Series A Preferred Stock undergoes a five-for-one reverse stock split, and the Company then undergoes a Change of Control in which the consideration paid for each share of the Company's capital stock is \$100.00. Under these circumstances, on the Measurement Date corresponding to the Change of Control, a Series A Preferred Stock Equivalent would be one fifth (1/5th) of one share of Series A Preferred Stock, the Success Payment Value would be \$20.00, and the Current Value Multiple would be 10.93, and accordingly, assuming no prior Success Payments had been made, a Success Payment of \$10 million would become due in connection with the Change of Control.

(b) Assume that after the date hereof, the Series A Preferred Stock undergoes a one-for-three forward stock split, and is then converted into Common Stock in connection with an Initial Public Offering, and further assume that on the one year anniversary of the Initial Public Offering the Fair Market Value is determined to be \$20.00 per share. Under these circumstances, on the Measurement Date corresponding to the one year anniversary of the Initial Public Offering, a Series A Preferred Stock Equivalent would be three (3) shares of Common Stock, the Success Payment Value would be \$60.00, and the Current Value Multiple would be 32.80, and accordingly, assuming no prior Success Payments had been made, a Success Payment of \$90 million would become due in connection with the Initial Public Offering.

3. Termination. The rights and obligations relating to Success Payments as described in Section 1 of this letter agreement shall terminate upon the earlier of (i) termination of the Collaboration Agreement by the Company as a result of a willful or intentional material breach thereof by Stanford (but not as a result of any other termination), and (ii) the first date after the Success Payment Period has ended, the Current Value Multiple for the Measurement Date coinciding with the end of the Success Payment Period has been determined, and the Company (or its successor) has made any Success Payment due in respect of such Measurement Date. The parties agree that upon a termination as a result of a willful or intentional material breach of the Collaboration Agreement by Stanford, the Company may offset agreed damages for such breach against any outstanding Success Payment obligations hereunder.

This letter agreement will be construed, interpreted, and applied in accordance with the laws of the State of Delaware, excluding its body of law controlling conflicts of laws. The rights and obligations under this letter agreement may not be assigned, and any attempt to do so will be null and void, without the prior written consent of the Company; provided, however, that Stanford may assign its rights under this letter agreement (a) to an Affiliate of Stanford so long as such Affiliate agrees to be bound by the terms and provisions of this letter agreement, provided that such assignment shall only remain effective for so long as the assignee remains an Affiliate of Stanford, or (b) to a third party that acquires all or substantially all of Stanford's assets, or that acquires all of the equity interests in Stanford through a merger, consolidation or reorganization, so long as the entity to which this letter agreement is assigned agrees in writing to fulfill all of Stanford's obligations under this letter agreement. This letter agreement may not be amended except by the written agreement signed by authorized representatives of both parties and may be executed in counterparts, with signatures delivered by facsimile or .pdf binding as if originally executed.

[Signature Page Follows]

This letter agreement, together with the Collaboration Agreement, is the complete and exclusive statement regarding the subject matter of this agreement and supersedes all prior agreements, understandings and communications, oral or written, between the parties regarding the subject matter of this letter agreement.

With best regards,

**LYELL IMMUNOPHARMA, INC.**

By: /s/ Liz Homans

Name: Liz Homans

Title: Chief Executive Officer

By: /s/ Heather Turner

Name: Heather Turner

Title: Chief General Counsel

**Accepted and Agreed:**

**STANFORD UNIVERSITY**

By: /s/ Karin Immergluck

Name: Karin Immergluck

Title: Executive Director

EXHIBIT A

TRIGGER VALUES AND SUCCESS PAYMENTS

<u>Trigger Value</u>	<u>10.0x</u>	<u>20.0x</u>	<u>30.0x</u>	<u>40.0x</u>	<u>50.0x</u>
Aggregate Success Payment Amount (\$M)	\$10.0	\$40.0	\$90.0	\$140.0	\$200.0

## EXHIBIT B

### FAIR MARKET VALUE

The “**Fair Market Value**” of a Series A Preferred Stock Equivalent, with respect to a Measurement Date, shall be determined as follows:

1. With respect to any Measurement Date (other than a Measurement Date relating to the closing of a Change of Control Transaction) on which (a) a Series A Preferred Stock Equivalent consists solely of shares of the Company’s Common Stock and (b) the Company’s Common Stock is traded on The Nasdaq Stock Market, the New York Stock Exchange or another national securities exchange registered with the Securities and Exchange Commission under Section 6 of the Securities Exchange Act of 1934, as amended, the “Fair Market Value” will be the 90 Day Weighted Average Trading Price as of the applicable Measurement Date.
2. With respect to any Measurement Date relating to the closing of a Change of Control Transaction in which the consideration paid in respect of a Series A Preferred Stock Equivalent in the Change of Control Transaction consists solely of cash, cash-equivalents and/or publicly-tradable securities, the “Fair Market Value” will be the amount of cash and cash-equivalents, and the value of any publicly-tradable securities, so paid. For purposes of establishing the value of any publicly-tradable securities, such securities shall be deemed to have a value equal to the Closing Trading Price as of the trading day immediately prior to the Measurement Date.
3. With respect to any Measurement Date for which neither of paragraphs (1) or (2) above apply, the “Fair Market Value” shall be determined in accordance with Fair Market Value Methodology and the following procedures:

(a) Within 20 calendar days of the Measurement Date, the Company shall deliver to Stanford a proposed Fair Market Value by written notice (the “**Company Notice**”). If Stanford does not object to such written notice by delivering written notice to the Company of its objection within 20 calendar days (an “**Objection Notice**”), the Fair Market Value shall be the Fair Market Value proposed in such Company Notice. Within 10 calendar days of the delivery of such Objection Notice (the end of such 10 calendar day period being the “**Trigger Date**”), each of Stanford and the Company shall consult with each other and attempt in good faith to agree upon a Fair Market Value with the Fair Market Value being the price so agreed in writing if agreement is reached within such time period.

(b) If Stanford and the Company do not agree on the Fair Market Value before the Trigger Date, then within 10 calendar days of the Trigger Date, each of Stanford, and the Company shall give written notice (each such notice, a “**Fair Market Value Notice**”) to the other of its proposed determination of Fair Market Value (in accordance with the Fair Market Value Methodology and it being understood that the first such written notice given by each such party shall be deemed their respective Fair Market Value Notice). Within 10 calendar days of the delivery of the second Fair Market Value Notice (the end of such 10 calendar day period being the “**Second Trigger Date**”), each of Stanford and the Company shall further consult with each other and attempt in good faith to agree upon a Fair Market Value with the Fair Market Value being the price so agreed in writing if agreement is reached within such time period.

(c) If Stanford and the Company do not agree on the Fair Market Value before the Second Trigger Date, then each of Stanford and the Company shall appoint an arbitrator pursuant to clause (e) below to act as an expert and not as an arbitrator (the “**Valuation Expert**”), at the expense of each of Stanford and the Company in equal proportions, for the purpose of making the determination referred to here, with such Valuation Expert instructed to determine its independent estimate of the Fair Market Value

(the “**Valuation Expert’s Estimate**”) in accordance with the Fair Market Value Methodology within 20 calendar days after being appointed (it being understood that neither relevant Party shall provide the Valuation Expert with their respective Fair Market Value Notices nor disclose to such Valuation Expert the contents thereof and that the relevant Parties shall make available to such Valuation Expert access on a confidential basis to such books, accounts, records and forecasts as reasonably requested and believed to be necessary to determine the Fair Market Value).

(d) The Fair Market Value shall then conclusively be deemed to equal the average (i.e., the arithmetic mean) of the Valuation Expert’s Estimate and the Fair Market Value determination set forth in that Fair Market Value Notice that is closest to the Valuation Expert’s Estimate, but in no case more in dollar amount than the highest or less in dollar amount than the lowest of the Fair Market Value Notices, and such value shall be final and binding on the Parties hereto (it being understood that for the avoidance of doubt no Party shall be able to contest the Valuation Expert’s Estimate based on any claim of non-adherence to the Fair Market Value Methodology).

(e) If each of the Company and Stanford fail to mutually agree on a Valuation Expert within 10 calendar days of the Second Trigger Date, each of such parties shall, within 10 calendar days thereafter, appoint two independent public accountants (that shall each not be an Affiliate or service provider of any of the Company or Stanford at the time of arbitration), who shall try to mutually agree on a third party Valuation Expert. If such independent public accountants fail to mutually agree on such Valuation Expert within 10 calendar days from appointment, each of such independent public accountants shall appoint two additional independent public accountants within 10 calendar days, and the Valuation Expert will be selected from among the four independent public accountants by drawing lots. The Success Payment Date will be extended by up to 30 calendar days if necessary to complete the process of designation of the Valuation Expert.

(f) All Fair Market Value determinations set forth in any Fair Market Value Notice pursuant to paragraph (3) of this Exhibit B and all valuations estimated and/or determined by the Valuation Expert must adhere to the following requirements (the “**Fair Market Value Methodology**”):

- i. subject to the below, be in accordance with industry standard valuation methodologies including but not limited to revenues, price-earnings ratio, free cash flow, EBITDA multiples or other appropriate metrics;
- ii. be, subject to clause (iii) below, based on the actual historical results of the operation of the Company as reflected on its audited and unaudited financial statements and reasonable forecasts of up to five (5) years assuming ordinary course of operations of the Company consistent with past practice; and
- iii. for the avoidance of doubt, specifically, take into full account the working capital balances of the Company and assume that any financial indebtedness or negative working capital balances of the Company are paid off or offset in full with available cash (with the consequences or repayment or failure to offset with available cash transferred reflected as a degradation to the Fair Market Value).

Lyell Immunopharma, Inc.  
500 Fairview Avenue, Suite 5000  
Seattle, WA 98109

December 19, 2018

Fred Hutchinson Cancer Research Center  
1100 Fairview Avenue North  
P.O. Box 19024  
Seattle, WA 98109-1024

Re: Success Payment Commitment

Ladies and Gentlemen:

Fred Hutchinson Cancer Research Center (“**Fred Hutch**”) and Lyell Immunopharma, Inc., a Delaware corporation (the “**Company**”), for good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, covenant and agree as follows:

1. Success Payments. In consideration for Fred Hutch entering into a Master Sponsored Research and Collaboration Agreement dated as of the date hereof (“**Collaboration Agreement**”), the Company agrees to make Success Payments to Fred Hutch in accordance with this Section 1.

(a) If a Measurement Date occurs during the Success Payment Period, and the Current Value Multiple on such Measurement Date is equal to or exceeds any of the trigger values set forth in Exhibit A attached hereto (each, a “**Trigger Value**”) then the Company shall be obligated to make a Success Payment to Fred Hutch. For the avoidance of doubt, if the Success Payment Period ends due to the occurrence of a Change of Control Transaction, then the Company shall make any Success Payment required in connection with the Measurement Date corresponding to the closing of such Change of Control Transaction, and no additional Success Payments shall become due thereafter.

(b) In the event any Measurement Date occurs during the Success Payment Period, the Company will provide written notice to Fred Hutch (each, a “**Success Notice**”) within twenty (20) calendar days thereof. Each Success Notice shall reference this letter agreement and shall set forth the occurrence that constitutes a Measurement Date, the Fair Market Value of one Series A Preferred Stock Equivalent, and the Current Value Multiple with respect to such Measurement Date. For the avoidance of doubt, Fred Hutch shall not be bound by and may contest any of the determinations of the Company stated in the Success Notice with respect to whether a Measurement Date has occurred, the Fair Market Value of one Series A Preferred Stock Equivalent, and the Current Value Multiple with respect to the Measurement Date.

(c) Any Success Payment that the Company becomes obligated to make pursuant to Section 1(a) shall be due and payable on the Success Payment Date corresponding to such Success Payment, and shall be paid in cash or cash equivalents or, in the Company’s sole discretion, may instead be paid in the form of publicly-tradable shares of the Company’s common stock, in which case such shares of common stock shall be deemed to have a value equal to the Closing Trading Price as of the trading day immediately prior to the Success Payment Date. Furthermore, any Company Sale Success Payment that relates to a Change of Control Transaction in which the consideration paid to stockholders of the Company consists of publicly-tradable shares of common stock of the acquiring entity or its parent or affiliate, such Success Payment may also, in the Company’s (or acquiring entity’s) sole discretion, be paid in the form of such publicly-tradable



shares of common stock of the acquiring entity or its parent or affiliate, in which case such shares of common stock shall be deemed to have a value equal to the Closing Trading Price as of the trading day immediately prior to the Success Payment Date.

For purposes of the foregoing, shares of common stock shall be considered “publicly-tradable” if they are not subject to any private placement investment letter restrictions, contractual “market stand-off” restrictions or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder’s status as an affiliate or former affiliate).

(d) Any entity that acquires the Company (or acquires substantially all of the Company’s assets) pursuant to a Change of Control Transaction, shall arrange or cause the Company to arrange for the payment to Fred Hutch, at or prior to the closing of such Change of Control Transaction, of any Success Payments that have become due but are not yet paid as of the closing of the Change of Control Transaction, together with any additional Success Payment that becomes due as a result of the closing of the Change of Control Transaction.

(e) For purposes of this letter agreement:

“**Affiliate**” means, with respect to any entity, another entity that either directly or indirectly, through one (1) or more intermediaries, Controls, is Controlled by or is under common Control with, such entity.

“**Change of Control Transaction**” means either (a) the acquisition of the Company by another entity by means of any transaction or series of related transactions to which the Company is party (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) that results in the voting securities of the Company outstanding immediately prior thereto failing to represent immediately after such transaction or series of transactions (either by remaining outstanding or by being converted into voting securities of the surviving entity or the entity that controls such surviving entity) a majority of the total voting power represented by the outstanding voting securities of the Company, such surviving entity or the entity that controls such surviving entity; (b) a sale, lease or other conveyance of all or substantially all of the assets of the Company to another entity; or (c) any Deemed Liquidation Event (as defined in the Company’s Certificate of Incorporation, as may be amended from time to time) that results in the liquidation of the Company and the distribution of transaction proceeds to the Company’s equity holders.

“**Closing Trading Price**” means, with respect to any publicly-tradable security as of a specific date, the closing trading price for such security on the primary securities exchange on such securities trade, as reported by Bloomberg.

“**Company Sale Success Payment**” means a Success Payment arising as a result of a Measurement Date relating to the closing of a Change of Control Transaction.

“**Control**” means with regard to any entity, the legal or beneficial ownership, directly or indirectly, of fifty percent (50%) or more of the shares (or other ownership interest, if not a corporation) of such entity through voting rights or through the exercise of rights pursuant to agreement, or the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity.

“**Current Value Multiple**” means, with respect to a Measurement Date, the quotient of (A) the Success Payment Value as of such Measurement Date divided by (B) \$1.8288, which is the original purchase price for a single share of Series A Preferred Stock as of the date of this letter agreement.

“**Fair Market Value**” shall have the meaning set forth in Exhibit B attached hereto.

**“Initial Public Offering”** means the closing of the Company’s first firm commitment underwritten public offering of the Company’s Common Stock pursuant to a registration statement filed under the Securities Act of 1933, as amended.

**“Measurement Date”** means each of the following dates that occur during the Success Payment Period: (i) the one year anniversary of the date on which the Company completes an Initial Public Offering; (ii) the two year anniversary of the date on which the Company completes an Initial Public Offering, and each two year anniversary thereafter (i.e., the four year anniversary, six year anniversary, etc. of the date on which the Company completes an Initial Public Offering); (iii) the closing of a Change of Control Transaction and (iv) the last day of the Success Payment Period, unless the Success Payment Period has ended due to the closing of a Change of Control Transaction. For clarity, if the Success Payment Period ends due to the occurrence of a Change of Control Transaction, then there shall be a single Measurement Date on the closing of the Change of Control Transaction.

**“Series A Preferred Stock Equivalent”** means a number of shares of the Company’s Series A Preferred Stock, par value \$0.0001 per share, equal to one (1) share, as such number may be adjusted to account for any stock splits, stock combinations or stock dividends that occur with respect to the Series A Preferred Stock after the date of this letter agreement. Furthermore, if the Series A Preferred Stock is converted into shares of Common Stock, whether in connection with an Initial Public Offering or otherwise, then and thereafter “Series A Preferred Stock Equivalent” shall mean the number of shares of the Common Stock that are issued in such conversion in respect of the number of shares of Series A Preferred Stock that immediately prior to such conversion constituted one Series A Preferred Stock Equivalent, as may be further adjusted to account for any stock splits, stock combinations or stock dividends that subsequently occur with respect to the Common Stock.

**“Success Payment”** means, with respect to a Measurement Date, the positive difference, if any between (A) the amount (in millions) set forth in Exhibit A beneath the greatest Trigger Value that the Current Value Multiple as of the Measurement Date meets or exceeds, less (B) the sum of all payments previously made or owing to Fred Hutch pursuant to this Section 1 in connection with previous Measurement Dates. In no event will the aggregate amount of Success Payments that become due under this letter agreement exceed \$200.0 million.

**“Success Payment Date”** means (i) with respect to any Company Sale Success Payment, the earlier of (a) the date on which any proceeds from the Change of Control Transaction are paid or distributed to stockholders of the Company, and (b) the date that is ninety (90) days after the Measurement Date corresponding to the closing of the Change of Control Transaction, and (ii) with respect to any other Success Payment, the date that is forty five (45) days after the Measurement Date pursuant to which such Success Payment obligation arises.

**“Success Payment Period”** means the period of time that commences on the date of this letter agreement, and ends on the earlier to occur of (i) the nine year anniversary of the date of this letter agreement, and (ii) the closing of a Change of Control Transaction.

**“Success Payment Value”** means, as of a Measurement Date, the sum of (i) the Fair Market Value of one Series A Preferred Stock Equivalent as of such Measurement Date and (ii) the amount, if any, of any dividends and other distributions (including the fair market value of non-cash distributions) made in respect of one Series A Preferred Stock Equivalent on or before such Measurement Date.

**“90 Day Weighted Average Trading Price”** means, with respect to any publicly-tradable security as of a specific date, the simple arithmetic average of the volume-weighted average trading price for all trading days occurring during the ninety (90) calendar day period preceding such date, as reported by Bloomberg.

2. Example Success Payment Calculations. The following are hypothetical examples, provided solely for purposes of illustration, of how the calculations described in this letter agreement are intended to operate:

(a) Assume that after the date hereof, the Series A Preferred Stock undergoes a five-for-one reverse stock split, and the Company then undergoes a Change of Control in which the consideration paid for each share of the Company's capital stock is \$100.00. Under these circumstances, on the Measurement Date corresponding to the Change of Control, a Series A Preferred Stock Equivalent would be one fifth (1/5th) of one share of Series A Preferred Stock, the Success Payment Value would be \$20.00, and the Current Value Multiple would be 10.93, and accordingly, assuming no prior Success Payments had been made, a Success Payment of \$10 million would become due in connection with the Change of Control.

(b) Assume that after the date hereof, the Series A Preferred Stock undergoes a one-for-three forward stock split, and is then converted into Common Stock in connection with an Initial Public Offering, and further assume that on the one year anniversary of the Initial Public Offering the Fair Market Value is determined to be \$20.00 per share. Under these circumstances, on the Measurement Date corresponding to the one year anniversary of the Initial Public Offering, a Series A Preferred Stock Equivalent would be three (3) shares of Common Stock, the Success Payment Value would be \$60.00, and the Current Value Multiple would be 32.80, and accordingly, assuming no prior Success Payments had been made, a Success Payment of \$90 million would become due in connection with the Initial Public Offering.

3. Termination. The rights and obligations relating to Success Payments as described in Section 1 of this letter agreement shall terminate upon the earlier of (i) termination of either the Collaboration Agreement or the License Agreement between the parties dated as of the date hereof ("**License Agreement**") by the Company as a result of a willful or intentional material breach thereof by Fred Hutch (but not as a result of any other termination), and (ii) the first date after the Success Payment Period has ended, the Current Value Multiple for the Measurement Date coinciding with the end of the Success Payment Period has been determined, and the Company (or its successor) has made any Success Payment due in respect of such Measurement Date. The parties agree that upon a termination as a result of a willful or intentional material breach of either the Collaboration Agreement or License Agreement by Fred Hutch, the Company may offset agreed damages for such breach against any outstanding Success Payment obligations hereunder.

This letter agreement will be construed, interpreted, and applied in accordance with the laws of the State of Delaware, excluding its body of law controlling conflicts of laws. The rights and obligations under this letter agreement may not be assigned, and any attempt to do so will be null and void, without the prior written consent of the Company; provided, however, that Fred Hutch may assign its rights under this letter agreement (a) to an Affiliate of Fred Hutch so long as such Affiliate agrees to be bound by the terms and provisions of this letter agreement, provided that such assignment shall only remain effective for so long as the assignee remains an Affiliate of Fred Hutch, or (b) to a third party that acquires all or substantially all of Fred Hutch's assets, or that acquires all of the equity interests in Fred Hutch through a merger, consolidation or reorganization, so long as the entity to which this letter agreement is assigned agrees in writing to fulfill all of Fred Hutch's obligations under this letter agreement. This letter agreement may not be amended except by the written agreement signed by authorized representatives of both parties and may be executed in counterparts, with signatures delivered by facsimile or .pdf binding as if originally executed.

[Signature Page Follows]

This letter agreement, together with the Collaboration Agreements, is the complete and exclusive statement regarding the subject matter of this agreement and supersedes all prior agreements, understandings and communications, oral or written, between the parties regarding the subject matter of this letter agreement.

With best regards,

**LYELL IMMUNOPHARMA, INC.**

By: /s/ Rick Klausner

Name: Rick Klausner

Title: Chief Executive Officer

**Accepted and Agreed:**

**FRED HUTCHINSON CANCER RESEARCH  
CENTER**

By: /s/ Nicole C. Robinson

Name: Nicole C. Robinson, PhD

Title: Vice President,

Business Development & Strategy

EXHIBIT A

TRIGGER VALUES AND SUCCESS PAYMENTS

<u>Trigger Value</u>	<u>10.0x</u>	<u>20.0x</u>	<u>30.0x</u>	<u>40.0x</u>	<u>50.0x</u>
Aggregate Success Payment Amount (\$M)	\$10.0	\$40.0	\$90.0	\$140.0	\$200.0

## EXHIBIT B

### FAIR MARKET VALUE

The “**Fair Market Value**” of a Series A Preferred Stock Equivalent, with respect to a Measurement Date, shall be determined as follows:

1. With respect to any Measurement Date (other than a Measurement Date relating to the closing of a Change of Control Transaction) on which (a) a Series A Preferred Stock Equivalent consists solely of shares of the Company’s Common Stock and (b) the Company’s Common Stock is traded on The Nasdaq Stock Market, the New York Stock Exchange or another national securities exchange registered with the Securities and Exchange Commission under Section 6 of the Securities Exchange Act of 1934, as amended, the “Fair Market Value” will be determined based on the 90 Day Weighted Average Trading Price of the Company’s Common Stock as of the applicable Measurement Date.
2. With respect to any Measurement Date relating to the closing of a Change of Control Transaction in which the consideration paid in respect of a Series A Preferred Stock Equivalent in the Change of Control Transaction consists solely of cash, cash-equivalents and/or publicly-tradable securities, the “Fair Market Value” will be the amount of cash and cash-equivalents, and the value of any publicly-tradable securities, so paid in respect of one Series A Preferred Stock Equivalent. For purposes of establishing the value of any publicly-tradable securities, such securities shall be deemed to have a value equal to the Closing Trading Price as of the trading day immediately prior to the Measurement Date.
3. With respect to any Measurement Date for which neither of paragraphs (1) or (2) above apply, the “Fair Market Value” shall be determined in accordance with Fair Market Value Methodology and the following procedures:
  - (a) Within 20 calendar days of the Measurement Date, the Company shall deliver to Fred Hutch a proposed Fair Market Value by written notice (the “**Company Notice**”). If Fred Hutch does not object to such written notice by delivering written notice to the Company of its objection within 20 calendar days (an “**Objection Notice**”), the Fair Market Value shall be the Fair Market Value proposed in such Company Notice. Within 10 calendar days of the delivery of such Objection Notice (the end of such 10 calendar day period being the “**Trigger Date**”), each of Fred Hutch and the Company shall consult with each other and attempt in good faith to agree upon a Fair Market Value with the Fair Market Value being the price so agreed in writing if agreement is reached within such time period.
  - (b) If Fred Hutch and the Company do not agree on the Fair Market Value before the Trigger Date, then within 10 calendar days of the Trigger Date, each of Fred Hutch, and the Company shall give written notice (each such notice, a “**Fair Market Value Notice**”) to the other of its proposed determination of Fair Market Value (in accordance with the Fair Market Value Methodology and it being understood that the first such written notice given by each such party shall be deemed their respective Fair Market Value Notice). Within 10 calendar days of the delivery of the second Fair Market Value Notice (the end of such 10 calendar day period being the “**Second Trigger Date**”), each of Fred Hutch and the Company shall further consult with each other and attempt in good faith to agree upon a Fair Market Value with the Fair Market Value being the price so agreed in writing if agreement is reached within such time period.
  - (c) If Fred Hutch and the Company do not agree on the Fair Market Value before the Second Trigger Date, then each of Fred Hutch and the Company shall appoint an arbitrator pursuant to clause (e) below to act as an expert and not as an arbitrator (the “**Valuation Expert**”), at the expense of each of Fred Hutch and the Company in equal proportions, for the purpose of making the determination referred to here, with such Valuation Expert instructed to determine its independent estimate of the Fair Market Value

(the “**Valuation Expert’s Estimate**”) in accordance with the Fair Market Value Methodology within 20 calendar days after being appointed (it being understood that neither relevant Party shall provide the Valuation Expert with their respective Fair Market Value Notices nor disclose to such Valuation Expert the contents thereof and that the relevant Parties shall make available to such Valuation Expert access on a confidential basis to such books, accounts, records and forecasts as reasonably requested and believed to be necessary to determine the Fair Market Value).

(d) The Fair Market Value shall then conclusively be deemed to equal the average (i.e., the arithmetic mean) of the Valuation Expert’s Estimate and the Fair Market Value determination set forth in that Fair Market Value Notice that is closest to the Valuation Expert’s Estimate, but in no case more in dollar amount than the highest or less in dollar amount than the lowest of the Fair Market Value Notices, and such value shall be final and binding on the Parties hereto (it being understood that for the avoidance of doubt no Party shall be able to contest the Valuation Expert’s Estimate based on any claim of non-adherence to the Fair Market Value Methodology).

(e) If each of the Company and Fred Hutch fail to mutually agree on a Valuation Expert within 10 calendar days of the Second Trigger Date, each of such parties shall, within 10 calendar days thereafter, appoint two independent public accountants (that shall each not be an Affiliate or service provider of any of the Company or Fred Hutch at the time of arbitration), who shall try to mutually agree on a third party Valuation Expert. If such independent public accountants fail to mutually agree on such Valuation Expert within 10 calendar days from appointment, each of such independent public accountants shall appoint two additional independent public accountants within 10 calendar days, and the Valuation Expert will be selected from among the four independent public accountants by drawing lots. The Success Payment Date will be extended by up to 30 calendar days if necessary to complete the process of designation of the Valuation Expert.

(f) All Fair Market Value determinations set forth in any Fair Market Value Notice pursuant to paragraph (3) of this Exhibit B and all valuations estimated and/or determined by the Valuation Expert must adhere to the following requirements (the “**Fair Market Value Methodology**”):

- i. subject to the below, be in accordance with industry standard valuation methodologies including but not limited to revenues, price-earnings ratio, free cash flow, EBITDA multiples or other appropriate metrics;
- ii. be, subject to clause (iii) below, based on the actual historical results of the operation of the Company as reflected on its audited and unaudited financial statements and reasonable forecasts of up to five (5) years assuming ordinary course of operations of the Company consistent with past practice; and
- iii. for the avoidance of doubt, specifically, take into full account the working capital balances of the Company and assume that any financial indebtedness or negative working capital balances of the Company are paid off or offset in full with available cash (with the consequences or repayment or failure to offset with available cash transferred reflected as a degradation to the Fair Market Value).

**STANDARD OFFICE LEASE**

**BY AND BETWEEN**

**BRE WA OFFICE OWNER LLC,  
a Delaware limited liability company,**

**AS LANDLORD,**

**AND**

**LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation,**

**AS TENANT**

**Canyon Park East, Building C**



TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1	1
ARTICLE 2	2
ARTICLE 3	2
(a)	2
(b)	2
(c)	3
(d)	4
(e)	5
ARTICLE 4	5
ARTICLE 5	6
ARTICLE 6	6
ARTICLE 7	7
ARTICLE 8	7
ARTICLE 9	7
(a)	7
(b)	7
(c)	8
(d)	8
(e)	9
(f)	9
(g)	9
ARTICLE 10	10
ARTICLE 11	10
(a)	10
(b)	10
ARTICLE 12	11
(a)	11
(b)	11
ARTICLE 13	12
(a)	12
(b)	12
(c)	13
ARTICLE 14	13
(a)	13
(b)	14
(c)	14
(d)	14
(e)	14
ARTICLE 15	15
ARTICLE 16	16
ARTICLE 17	17
ARTICLE 18	18
ARTICLE 19	18

**TABLE OF CONTENTS (cont.)**

	<b><u>Page</u></b>	
ARTICLE 20	REMEDIES	19
ARTICLE 21	TRANSFER OF LANDLORD’S INTEREST	20
ARTICLE 22	BROKER	20
ARTICLE 23	PARKING	20
ARTICLE 24	WAIVER	21
ARTICLE 25	ESTOPPEL CERTIFICATE	21
ARTICLE 26	LIABILITY OF LANDLORD	22
ARTICLE 27	INABILITY TO PERFORM	22
ARTICLE 28	HAZARDOUS WASTE	22
ARTICLE 29	SURRENDER OF PREMISES; REMOVAL OF PROPERTY	23
ARTICLE 30	MISCELLANEOUS	24
	(a) SEVERABILITY; ENTIRE AGREEMENT	24
	(b) Attorneys’ Fees; Waiver of Jury Trial	25
	(c) Time of Essence	25
	(d) Headings; Joint and Several	25
	(e) NO OPTION	25
	(f) Rules and Regulations	25
	(g) Quiet Possession	26
	(h) Rent	26
	(i) Successors and Assigns	26
	(j) Notices	26
	(k) Right of Landlord to Perform	26
	(l) Signing Authority	27
	(m) Identification of Tenant	27
	(n) Governing Law	27
	(o) Office of Foreign Assets Control	27
	(p) Financial Statements	27
	(q) Exhibits	27
	(r) Independent Covenants	28
	(s) Counterparts	28
	(t) Building E Lease	28
ARTICLE 31	OPTIONS TO EXTEND	28
	(a) Option Rights	28
	(b) Option Rent	28
	(c) Exercise of Options	28
	(d) Determination of Market Rent	29
ARTICLE 32	SIGNAGE	29

**LIST OF EXHIBITS**

Exhibit “A”	Premises
Exhibit “A-1”	Legal Description of Real Property
Exhibit “B”	Rules and Regulations
Exhibit “C”	Notice of Term Dates and Tenant’s Proportionate Share
Exhibit “D”	Tenant Work Letter
Exhibit “E”	Parking Stalls

## INDEX

	<u>Page(s)</u>
Abated Rent Amount	2
Additional Rent	2
Affiliate	16
Affiliated Assignee	16
Allowances	<i>Exhibit D</i>
Alterations	8
Approved Working Drawings	<i>Exhibit D</i>
Architect	<i>Exhibit D</i>
Base, Shell and Core	<i>Exhibit D</i>
Basic Rental	1
Brokers	1
Building E Lease	28
Building E Premises	28
Claims	12
Code	<i>Exhibit D</i>
Commencement Date	1
Construction Drawings	<i>Exhibit D</i>
Contractor	<i>Exhibit D</i>
Control	16
Demolition Allowance	<i>Exhibit D</i>
Demolition Costs	<i>Exhibit D</i>
Development	1
Direct Costs	3
Dispute Notice	5
Electrical Allowance	<i>Exhibit D</i>
Electrical Costs	<i>Exhibit D</i>
Engineers	<i>Exhibit D</i>
Equipment Notice	11
Estimate	4
Estimate Statement	4
Event of Default	18
Exit Survey	24
Expiration Date	1
Final Retention	<i>Exhibit D</i>
Force Majeure	22
Generator/Utility Plant	9
Hazardous Material	23
Hazardous Materials Documents	23
Improvement Allowance	<i>Exhibit D</i>
Improvement Allowance Items	<i>Exhibit D</i>
Improvements	<i>Exhibit D</i>
Initial Installment of Basic Rental	1
Interest Notice	28
Lab Space	24
Landlord	1
Landlord Default	20
Landlord Parties	12
Laws	23
Lease	1
Letter of Credit	1
Market Rent	28
Minor Alterations	8
Operating Costs	3
Option Rent	28
Option Rent Notice	28
Option Term	28
Options	28
Original Tenant	28
Outside Agreement Date	29

	<u>Page(s)</u>
Parking Passes	1
Permits	<i>Exhibit D</i>
Permitted Use	1
Premises	1
Preventative Maintenance Records	8
Project	1
Real Property	1
Rent	3
Rental Tax	3
Repair Opinion	16
Review Notice	5
Review Period	5
Rules and Regulations	25
Service Contracts	8
Signage	29
Signage Specifications	29
SNDA	17
Space Plan	<i>Exhibit D</i>
Specialized Systems	8
Square Footage of Premises	1
Statement	4
Tax Costs	3
Tenant	1
Tenant Equipment	11
Tenant Improvements	7
Tenant's Acceptance	28
Tenant's Agents	<i>Exhibit D</i>
Tenant's Proportionate Share	1
Term	1
Third Party Parking Area	20
Transfer	15
Transfer Premium	15
Transferee	15
Working Drawings	<i>Exhibit D</i>

**STANDARD OFFICE LEASE**

This Standard Office Lease (“**Lease**”) is made and entered into as of August 28, 2019, by and between BRE WA OFFICE OWNER LLC, a Delaware limited liability company (“**Landlord**”), and LYELL IMMUNOPHARMA, INC., a Delaware corporation (“**Tenant**”).

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises as designated on the floor plan attached hereto and incorporated herein as Exhibit “A” (“**Premises**”), of the project (“**Project**”) known as Building C and the surrounding exterior area, whose address is 22028 26<sup>th</sup> Avenue SE, Bothell, Washington 98021, and located upon the real property (“**Real Property**”) described on Exhibit “A-1”. The Project is part of a multi-building development known as Canyon Park East (the “**Development**”). This Lease shall be for the Term and upon the terms and conditions hereinafter set forth, and Landlord and Tenant hereby agree as follows:

**ARTICLE 1**  
**BASIC LEASE PROVISIONS**

- A. Term:** 124 full calendar months.  
**Commencement Date:** February 1, 2020.  
**Expiration Date:** May 31, 2030.
- B. Square Footage of Premises:** 44,718 rentable square feet.
- C. Basic Rental:**

<u>Months</u>	<u>Annual Basic Rental</u>	<u>Monthly Basic Rental</u>	<u>Annual Basic Rental Per Rentable Square Foot</u>
1 – 16	\$603,693.00	\$50,307.75	\$ 13.50*
17 – 28	\$621,803.79	\$51,816.98	\$ 13.91
29 – 40	\$640,457.90	\$53,371.49	\$ 14.32
41 – 52	\$659,671.63	\$54,972.64	\$ 14.75
53 – 64	\$679,461.77	\$56,621.81	\$ 15.19
65 – 76	\$699,845.62	\$58,320.47	\$ 15.65
77 – 88	\$720,840.98	\$60,070.08	\$ 16.12
89 – 100	\$742,466.20	\$61,872.18	\$ 16.60
101 – 112	\$764,740.18	\$63,728.35	\$ 17.10
113 – 124	\$787,682.38	\$65,640.20	\$ 17.61

\* Subject to abatement as provided in Section 3(a) below.

- D. Tenant’s Proportionate Share:** 100%
- E. Security Deposit:** \$477,923.62, which is subject to reduction in accordance with Article 4 below.
- F. Permitted Use:** General office use and, to the extent permitted by law, biotech manufacturing, scientific laboratory, and warehouse use.
- G. Brokers:** Broderick Group (for Landlord) and Flinn Ferguson Cresa (for Tenant).
- H. Parking:** Tenant shall be entitled to use the parking stalls outlined on Exhibit “E,” upon the terms and conditions provided in Article 23 hereof.
- I. Initial Installment of Basic Rental:** The fifth (5<sup>th</sup>) full calendar month’s Basic Rental in the amount of \$50,307.75 shall be due and payable by Tenant to Landlord upon Tenant’s execution of this Lease.

**ARTICLE 2**  
**TERM/PREMISES**

The Term of this Lease shall commence on the Commencement Date as set forth in Article 1.A. of the Basic Lease Provisions and shall end on the Expiration Date set forth in Article 1.A. of the Basic Lease Provisions. Landlord shall deliver possession of the Premises to Tenant for Tenant's construction of Improvements therein in accordance with the Tenant Work Letter attached hereto as Exhibit "D" upon full execution and delivery of this Lease. Landlord and Tenant hereby stipulate that the Premises contains the number of square feet specified in Article 1.B. of the Basic Lease Provisions, except that the rentable and usable square feet of the Premises and the Project are subject to verification from time to time by Landlord's architect/space planner. In the event that Landlord's architect/space planner determines that the amounts thereof shall be different from those set forth in this Lease, all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect amount (including, without limitation, the amount of the Basic Rental, Tenant's Proportionate Share and the Improvement Allowance) shall be modified in accordance with such determination. If such determination is made, it will be confirmed in writing by Landlord to Tenant. Landlord may deliver to Tenant a Commencement Letter in a form substantially similar to that attached hereto as Exhibit "C", which Tenant shall execute and return to Landlord within thirty (30) days of receipt thereof. Failure of Tenant to timely execute and deliver the Commencement Letter shall constitute acknowledgment by Tenant that the statements included in such notice are true and correct, without exception.

**ARTICLE 3**  
**RENTAL**

(a) **Basic Rental.** Tenant agrees to pay to Landlord during the Term hereof, at Landlord's office or to such other person or at such other place as directed from time to time by written notice to Tenant from Landlord, the monthly and annual sums as set forth in Article 1.C. of the Basic Lease Provisions, payable in advance on the first (1<sup>st</sup>) day of each calendar month, without demand, setoff or deduction, and in the event this Lease commences or the date of expiration of this Lease occurs other than on the first (1<sup>st</sup>) day or last day of a calendar month, the rent for such month shall be prorated. Notwithstanding anything to the contrary contained herein and provided that Tenant is not in default of this Lease, Landlord hereby agrees to abate Tenant's obligation to pay monthly Basic Rental for the first four (4) full calendar months of the initial Lease Term. During such abatement period, Tenant shall still be responsible for the payment of all of its other monetary obligations under this Lease. In the event of a default by Tenant under the terms of this Lease that results in early termination pursuant to the provisions of Section 20(a) of this Lease, then as a part of the recovery set forth in Article 20 of this Lease, Landlord shall be entitled to the recovery of the monthly Basic Rental that was abated under the provisions of this Section 3(a). The amount of Basic Rental to be abated pursuant to this Section 3(a) above may be referred herein as "**Abated Rent Amount.**" Notwithstanding the foregoing or anything to contrary contained herein, upon written notice to Tenant, Landlord shall have the option to purchase all or any portion of Tenant's Abated Rent Amount by paying such amount to Tenant, in which case the amount so paid to Tenant shall nullify an equivalent amount of abatement of Tenant's Basic Rental as to the period so designated by Landlord in Landlord's written notice to Tenant. In addition, notwithstanding the foregoing, the fifth (5<sup>th</sup>) full month's Basic Rental shall be paid to Landlord in accordance with Article 1.I. of the Basic Lease Provisions and, if the Commencement Date is not the first day of a month, Basic Rental and Rental Tax for the partial month commencing as of the Commencement Date shall be prorated based upon the actual number of days in such month and shall be due and payable upon the Commencement Date.

(b) **Direct Costs.** Tenant shall pay an additional sum for each calendar year equal to the product of the percentage set forth in Article 1.D. of the Basic Lease Provisions multiplied by the amount of "Direct Costs" for such year. In the event this Lease shall terminate on any date other than the last day of a calendar year, the additional sum payable hereunder by Tenant during the calendar year in which this Lease terminates shall be prorated on the basis of the relationship which the number of days which have elapsed from the commencement of said calendar year to and including said date on which this Lease terminates bears to three hundred sixty five (365). Any and all amounts due and payable by Tenant pursuant to this Lease (other than Basic Rental) shall be deemed "**Additional Rent**" and Landlord shall be entitled to exercise the same rights and remedies upon default in these payments as Landlord is entitled to exercise with respect to defaults in monthly Basic Rental payments. Any and all amounts due and payable by Tenant to Landlord shall be in the form of (i) business checks, (ii) wire transfers, (iii) electronic funds transfers, and (iv) automated clearing house payments. Any other forms of payment are not acceptable to

Landlord including, without limitation (1) cash or currency, (2) cashier's checks and money orders, (3) traveler's checks, (4) payments from credit unions or other non-bank financial institutions, (5) multiple payments for one (1) scheduled payment, and (6) third party checks. Basic Rental and Additional Rent may be collectively referred to herein as "**Rent**". At the same time as any payment of Rent is to be made by Tenant hereunder, Tenant shall also pay any and all rental taxes, gross receipts taxes, transaction privilege taxes, sales taxes, and/or similar taxes levied currently or in the future on the Rent amount then due or otherwise assessed in connection with the rental activity then occurring (collectively, "**Rental Tax**").

(c) Definitions. As used herein the term "**Direct Costs**" shall mean the sum of the following:

(i) "**Tax Costs**", which shall mean any and all real estate taxes and other similar charges on real property or improvements, assessments, water and sewer charges, and all other charges assessed, reassessed or levied upon the Project and appurtenances thereto and the parking or other facilities thereof, or the Real Property or attributable thereto or on the rents, issues, profits or income received or derived therefrom which are assessed, reassessed or levied by the United States, the State of Washington, any applicable county within the State of Washington, any applicable city, town or other local government authority within the State of Washington, and/or any other agency or political subdivision of the State of Washington, and shall include Landlord's reasonable legal fees, costs and disbursements incurred in connection with proceedings for reduction of Tax Costs or any part thereof; provided, however, if at any time after the date of this Lease the methods of taxation now prevailing shall be altered so that in lieu of or as a supplement to or a substitute for the whole or any part of any Tax Costs, there shall be assessed, reassessed or levied (a) a tax, assessment, reassessment, levy, imposition or charge wholly or partially as a net income, capital or franchise levy or otherwise on the rents, issues, profits or income derived therefrom, or (b) a tax, assessment, reassessment, levy (including but not limited to any municipal, state or federal levy), imposition or charge measured by or based in whole or in part upon the Real Property and imposed upon Landlord, then except to the extent such items are payable by Tenant under Article 6 below, such taxes, assessments, reassessments or levies or the part thereof so measured or based, shall be deemed to be included in the term "Direct Costs."

(ii) "**Operating Costs**", which shall mean all costs and expenses incurred by Landlord in connection with the maintenance, operation, replacement, and repair of the Project including, without limitation, the landscaped and common areas and the parking areas and facilities of the Project. Operating Costs shall include but not be limited to, salaries, wages, and benefits for all persons who perform duties connected with the operation, maintenance and repair of the Project including gardening, security, parking, operating engineer, elevator, painting, plumbing, electrical, carpentry, heating, ventilation, air conditioning and window washing, provided the same are equitably prorated for personnel who are not exclusively serving the Project; hired services; the actual rental expense of personal property used in the maintenance, operation and repair of the Project; accountant's fees incurred in the preparation of rent adjustment statements; legal fees; real estate tax consulting fees; personal property taxes on property used in the maintenance and operation of the Project; fees, costs, expenses or dues payable pursuant to the terms of any covenants, conditions or restrictions or owners' association pertaining to the Project; capital expenditures incurred to effect economies of operation of, or stability of services to, the Project and capital expenditures required by government regulations, laws, or ordinances including, but not limited to the Americans with Disabilities Act; provided, however, that capital expenditures included in Operating Costs shall be amortized (with interest at ten percent (10%) per annum) over its useful life; the cost of all charges for electricity, gas, water and other utilities furnished to the Project (to the extent such charges are not separately paid for by Tenant under Article 11 below), and any taxes thereon; the cost of all charges for insurance in connection with the Project carried by Landlord; the cost of all building and cleaning supplies and materials; the cost of all charges for service contracts and other services with independent contractors and administration fees; a property management fee (which fee may be imputed if Landlord has internalized management or otherwise acts as its own property manager) not to exceed 2% of the annual revenues from the Project per year (disregarding abatement) and license, permit and inspection fees relating to the Project.

Notwithstanding the foregoing or anything to the contrary herein, Operating Costs do not include the following: (a) the original construction costs of the Project and renovations performed prior to the date of this Lease and costs of correcting defects in such original construction or renovations; (b) capital expenditures, except as expressly permitted in the prior paragraph; (c) interest (except as expressly permitted in the prior paragraph), principal payments of a mortgage,

debts of Landlord, financing costs and amortization of funds borrowed by Landlord, whether secured or unsecured; (d) depreciation of the Project; (e) advertising, legal and space planning expenses and leasing commissions and other costs and expenses incurred in procuring and leasing space to other tenants, including any leasing office maintained in the Development, free rent and construction allowances for tenants; (f) legal and other expenses incurred in the negotiation or enforcement of leases; (g) completing, fixturing, improving, renovating, painting, redecorating or other work, which Landlord pays for or performs for other tenants within their premises, and costs of correcting defects in such work; (h) costs to be reimbursed by other tenants of the Development outside of Operating Costs or Tax Costs to be paid directly to the applicable governmental authority by Tenant or other tenants; (i) salaries, wages, benefits and other compensation paid to officers and employees of Landlord who are not assigned in whole or in part to the operation, management, maintenance or repair of the Project; (j) general organizational, administrative and overhead costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, including general corporate, legal and accounting expenses; (k) costs (including attorneys' fees and costs of settlement, judgments and payments in lieu thereof) incurred in connection with disputes with tenants, other occupants, or prospective tenants, and costs and expenses, including legal fees, incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees; (l) costs incurred by Landlord due to the violation by Landlord, its employees, agents or contractors, or any tenant of the terms and conditions of any lease; (m) except to the extent Tenant is delinquent in payment of Tax Costs, penalties, fines or interest incurred as a result of Landlord's inability or failure to make payment of Tax Costs and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of taxes or assessments required to be made by Landlord hereunder before delinquency; (n) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Project to the extent the same exceeds the amount which would generally be expected to be the cost of such services rendered by comparably qualified unaffiliated third parties; (o) costs of Landlord's charitable or political contributions, or the acquisition or leasing of fine art maintained at the Project; (p) costs in connection with services (including electricity), items or other benefits of a type which are not available to Tenant without specific charges therefor (other than Operating Cost charges), but which are provided to another tenant or occupant of the Development, whether or not such other tenant or occupant is specifically charged therefor by Landlord; (q) costs incurred in the sale or refinancing of the Project or a portion thereof; (r) net income taxes of Landlord or the owner of any interest in the Project, franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Project or any portion thereof or interest therein; (s) any costs incurred to remove, study, test or remediate Hazardous Materials in or about the Project for which Tenant is not responsible under this Lease; (t) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by insurance policies maintained by Landlord or by third parties; (u) reserves (other than de minimus amounts); and (v) costs arising from the gross negligence or willful misconduct of Landlord.

(d) Determination of Payment.

(i) Landlord shall give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Costs for the then-current calendar year shall be and Tenant's Proportionate Share thereof. Tenant shall pay, with its next installment of monthly Basic Rental due, a fraction of the Estimate for the then-current calendar year (reduced by any amounts paid pursuant to the last sentence of this Section 3(d)(i)). Such fraction shall have as its numerator the number of months which have elapsed in such current calendar year to the month of such payment, both months inclusive, and shall have twelve (12) as its denominator. Until a new Estimate Statement is furnished, Tenant shall pay monthly, with the monthly Basic Rental installments, an amount equal to one-twelfth (1/12) of the total Estimate set forth in the previous Estimate Statement delivered by Landlord to Tenant.

(ii) In addition, Landlord shall give to Tenant as soon as reasonably practicable following the end of each calendar year, a statement (the "**Statement**") which shall state the Direct Costs incurred or accrued for such preceding calendar year, and which shall indicate the amount of Tenant's Proportionate Share thereof. Upon receipt of the Statement for each calendar year during the Term, Tenant shall pay, with its next installment of monthly Basic Rental due, the full amount of Tenant's Proportionate Share of Direct Costs such calendar year, less the amounts, if any, paid during such calendar year on an estimated basis. If, however, the Statement indicates that amounts paid by Tenant on an estimated basis are greater than the actual amount of Tenant's Proportionate Share of Direct Costs specified on the Statement, such overpayment shall be credited



against Tenant's next installments of estimated payments. The failure of Landlord to timely furnish the Statement for any calendar year shall not prejudice Landlord from enforcing its rights under this Article 3, once such Statement has been delivered. Even though the Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Proportionate Share of the Direct Costs for the calendar year in which this Lease terminates, Tenant shall immediately pay to Landlord an amount as calculated pursuant to the provisions of this Section 3(d). The provisions of this Section 3(d)(ii) shall survive the expiration or earlier termination of the Term.

(iii) Because the Project is a part of a multi-building Development, those Direct Costs attributable to such Development as a whole (and not attributable solely to any individual building therein) shall be allocated by Landlord to the Project and to the other buildings within such Development on an equitable basis; provided, however, the principles set forth in the second paragraph of Section 3(c)(ii), as applied to the Development and portions thereof, shall apply to and, to the extent applicable, shall limit such allocations.

(e) **Audit Right.** Within one hundred twenty (120) days after receipt of a Statement by Tenant ("**Review Period**"), if Tenant disputes the amount set forth in the Statement, Tenant's employees or an independent certified public accountant (which accountant is a member of a nationally or regionally recognized accounting firm and is not retained on a contingency fee basis), designated by Tenant, may, after reasonable notice to Landlord ("**Review Notice**") and at reasonable times, inspect Landlord's records at Landlord's offices, provided that Tenant is not then in default after expiration of all applicable cure periods and provided further that Tenant and such accountant or representative shall, and each of them shall use their commercially reasonable efforts to cause their respective agents and employees to, maintain all information contained in Landlord's records in strict confidence. Notwithstanding the foregoing, Tenant shall only have the right to review Landlord's records one (1) time during any twelve (12) month period. If after such inspection, but within thirty (30) days after the Review Period, Tenant notifies Landlord in writing ("**Dispute Notice**") that Tenant still disputes such amounts, a certification as to the proper amount shall be made in accordance with Landlord's standard accounting practices, at Tenant's expense, by an independent certified public accountant who is a member of a nationally or regionally recognized accounting firm and is selected by Landlord and reasonably approved by Tenant. Tenant's failure to deliver the Review Notice within the Review Period or to deliver the Dispute Notice within thirty (30) days after the Review Period shall be deemed to constitute Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement. If Tenant timely delivers the Review Notice and the Dispute Notice, Landlord shall cooperate in good faith with Tenant and the accountant to show Tenant and the accountant the information upon which the certification is to be based. However, if such certification by the accountant proves that the Direct Costs set forth in the Statement were overstated by more than five percent (5%), then the cost of the accountant and the cost of such certification shall be paid for by Landlord. Promptly following the parties receipt of such certification, the parties shall make such appropriate payments or reimbursements, as the case may be, to each other, as are determined to be owing pursuant to such certification. Tenant agrees that this section shall be the sole method to be used by Tenant to dispute the amount of any Direct Costs payable by Tenant pursuant to the terms of this Lease, and Tenant hereby waives any other rights at law or in equity relating thereto.

#### **ARTICLE 4** **SECURITY DEPOSIT**

Tenant has deposited or concurrently herewith is depositing with Landlord the sum set forth in Article 1.F. of the Basic Lease Provisions as security for the full and faithful performance of every provision of this Lease to be performed by Tenant. If Tenant is in default of any provision of this Lease, including but not limited to the payment of rent, Landlord may use all or any part of this security deposit for the payment of any rent or any other sums in default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within ten (10) business days after written demand therefor, deposit funds with Landlord in a form acceptable under Section 3(b) above and in an amount sufficient to restore the security deposit to its full amount. Tenant agrees that Landlord shall not be required to keep the security deposit in trust, segregate it or keep it separate from Landlord's general funds, but Landlord may commingle the security deposit with its general funds and Tenant shall not be entitled to interest on such deposit. Notwithstanding anything to the contrary contained herein, if Tenant, at the expiration of the first, second, third and fourth anniversaries of the Commencement Date is not in default of any of its obligations under

this Lease, Landlord shall reduce the amount of the security deposit by \$95,584.72 in each such instance and Landlord shall apply such amounts against Tenant's next monthly Basic Rental obligations which become due. At the expiration of the Term, and provided there exists no default by Tenant hereunder, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to Tenant's last assignee"), provided that subsequent to the expiration of this Lease, Landlord may retain from said security deposit (i) an amount reasonably estimated by Landlord to cover potential Direct Cost reconciliation payments due with respect to the calendar year in which this Lease terminates or expires (such amount so retained shall not, in any event, exceed ten percent (10%) of estimated Direct Cost payments due from Tenant for such calendar year through the date of expiration or earlier termination of this Lease and any amounts so retained and not applied to such reconciliation shall be returned to Tenant within thirty (30) days after Landlord's delivery of the Statement for such calendar year), (ii) any and all amounts reasonably estimated by Landlord to cover the anticipated costs to be incurred by Landlord to remove any signage provided to Tenant under this Lease, to remove cabling and other items required to be removed by Tenant under Article 29 below and to repair any damage caused by such removal (in which case any excess amount so retained by Landlord shall be returned to Tenant within thirty (30) days after such removal and repair), and (iii) any and all amounts permitted by law or this Article 4. Tenant hereby waives any provisions of law, now or hereafter in effect, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 4 above, and all of Landlord's damages under this Lease and Washington law including, but not limited to, any damages accruing upon termination of this Lease.

**ARTICLE 5**  
**HOLDING OVER**

Should Tenant, without Landlord's written consent, hold over after termination of this Lease, Tenant shall, at Landlord's option, become either a tenant at sufferance or a month-to-month tenant upon each and all of the terms herein provided as may be applicable to such a tenancy and any such holding over shall not constitute an extension of this Lease. During such holding over, Tenant shall pay in advance, monthly, Basic Rental at a rate equal to one hundred and fifty percent (150%) of the rate in effect for the last month of the Term of this Lease, in addition to, and not in lieu of, all other payments required to be made by Tenant hereunder including but not limited to Tenant's Proportionate Share of Direct Costs. Nothing contained in this Article 5 shall be construed as consent by Landlord to any holding over of the Premises by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or earlier termination of the Term. If Tenant fails to surrender the Premises upon the expiration or termination of this Lease, Tenant agrees to indemnify, defend and hold Landlord harmless from and against all costs, loss, expense or liability suffered by Landlord as a result of Tenant's non-consensual holdover, including without limitation, losses resulting from claims made by any succeeding tenant and real estate brokers claims and attorney's fees and costs.

**ARTICLE 6**  
**OTHER TAXES**

Tenant shall pay, prior to delinquency, all taxes assessed against or levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant located in the Premises. In the event any or all of Tenant's trade fixtures, furnishings, equipment and other personal property shall be assessed and taxed with property of Landlord and, as a result, real property taxes for the Project are increased, Tenant shall pay to Landlord, within thirty (30) days after delivery to Tenant by Landlord of a written statement setting forth such amount, the amount of such taxes applicable to Tenant's property or above-standard improvements. Tenant shall assume and pay to Landlord at the time Basic Rental next becomes due (or if assessed after the expiration of the Term, then within ten (10) days), any excise, sales, use, rent, occupancy, garage, parking, gross receipts or other taxes (other than net income taxes) which may be assessed against or levied upon Landlord on account of the letting of the Premises or the payment of Basic Rental or any other sums due or payable hereunder, and which Landlord may be required to pay or collect under any law now in effect or hereafter enacted. In addition to Tenant's obligation pursuant to the immediately preceding sentence, Tenant shall pay directly to the party or entity entitled thereto all business license fees, gross receipts taxes and similar taxes and impositions which may from time to time be assessed against or levied upon Tenant, as and when the same become due and before delinquency. Notwithstanding anything to the contrary contained herein, any sums payable by Tenant under this Article 6 shall not be included in the computation of "Tax Costs."

**ARTICLE 7**  
**USE**

Tenant shall use and occupy the Premises only for the use set forth in Article I.F. of the Basic Lease Provisions and shall not use or occupy the Premises or permit the same to be used or occupied for any other purpose without the prior written consent of Landlord, which consent may be given or withheld in Landlord's sole and absolute discretion, and Tenant agrees that it will use the Premises in such a manner so as not to interfere with or infringe upon the rights of other tenants or occupants in the Development. In no event may any portion of the Premises be used for a vivarium. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances, governmental regulations or requirements now in force or which may hereafter be in force relating to or affecting (i) the condition, use or occupancy of the Premises or the Project (excluding structural changes to the Project not related to Tenant's particular use of the Premises, and Hazardous Materials removal or remediation costs, unless such costs are Tenant's responsibility under Article 28 below), and (ii) improvements installed or constructed in the Premises by or for the benefit of Tenant. Tenant shall not do or permit to be done anything which would invalidate any insurance policy covering the Project and/or the property located therein. Tenant shall promptly upon demand reimburse Landlord for any additional premium charges for any such insurance policy assessed or increased by reason of Tenant's failure to comply with the provisions of this Article 7. Tenant shall comply with Landlord's reasonable sustainability practices, provided the same have no material adverse effect on Tenant's use and occupancy of the Premises and do not result in a material increase of Tenant's occupancy costs within the Premises (except that Tenant must comply with any such practices required by law).

**ARTICLE 8**  
**CONDITION OF PREMISES**

Tenant hereby agrees that except as provided in the Tenant Work Letter attached hereto as Exhibit "D" and made a part hereof, or as otherwise expressly provided to the contrary herein, the Premises shall be taken "as is", "with all faults", "without any representations or warranties", and Tenant hereby agrees and warrants that it has investigated and inspected the condition of the Premises and the suitability of same for Tenant's purposes, and Tenant does hereby waive and disclaim any objection to, cause of action based upon, or claim that its obligations hereunder should be reduced or limited because of the condition of the Premises or the Project or the suitability of same for Tenant's purposes. Tenant acknowledges that neither Landlord nor any agent nor any employee of Landlord has made any representations or warranty with respect to the Premises or the Project or with respect to the suitability of either for the conduct of Tenant's business and Tenant expressly warrants and represents that Tenant has relied solely on its own investigation and inspection of the Premises and the Project in its decision to enter into this Lease and let the Premises in the above-described condition. Nothing contained herein is intended to, nor shall, obligate Landlord to implement sustainability practices for the Project. The Premises shall be initially improved as provided in, and subject to, the Tenant Work Letter attached hereto as Exhibit "D" and made a part hereof. The existing leasehold improvements in the Premises as of the date of this Lease, together with the Improvements (as defined in the Tenant Work Letter) may be collectively referred to herein as the "**Tenant Improvements.**"

**ARTICLE 9**  
**REPAIRS AND ALTERATIONS**

(a) **Landlord's Obligations.** Landlord shall maintain the structural portions of the Project, including the foundation, floor/ceiling slabs, roof, curtain wall, exterior glass, columns, beams, shafts and exterior areas (including parking areas).

(b) **Tenant's Obligations.** Except as expressly provided as Landlord's obligation in this Article 9, Tenant shall keep the Premises in good condition and repair and in compliance with Landlord's sustainability practices including, without limitation, compliance with any LEED rating system (or other certification standard) applicable to the Project on the Commencement Date, if any. Tenant's obligations shall include, without limitation, maintenance, repair and replacement of all systems serving the Premises and such responsibilities of Tenant shall include, without limitation, repair, maintenance and replacement of the sprinkler system (if any), the elevators (if any), plumbing systems, fire/life safety systems and the heating, ventilation and air-conditioning

system and Tenant shall, at Tenant's sole cost and expense, maintain service and maintenance contracts for such systems and shall keep all such systems in good working condition. Tenant's obligations shall also include, without limitation, maintenance and repair of all specialized systems installed by Tenant to serve the Premises such as deionized water systems, water purification, compressed gas distribution, vacuum pumps and air compressors and associated fume hoods and other equipment (collectively, "**Specialized Systems**"). All Specialized Systems shall be maintained, repaired and replaced by Tenant (i) in a commercially reasonable condition consistent with prevailing industry practices, (ii) in accordance with any applicable manufacturer specifications relating to any particular component of such Specialized Systems, (iii) in accordance with applicable Laws. Tenant shall contract with qualified, experienced professional third-party service companies (collectively, "**Service Contracts**") which will provide for routine maintenance of the Specialized Systems on an at least quarterly basis. Tenant shall regularly, in accordance with commercially reasonable standards, generate and maintain preventive maintenance records relating to each Specialized System (collectively, "**Preventative Maintenance Records**"). Upon Landlord's request, Tenant shall deliver a copy of all current Service Contracts to Landlord and/or a copy of the Preventative Maintenance Records. Tenant shall be entitled to enter areas of the Project that are not within the Premises (other than the Third Party Parking Area), for the purpose of performing the maintenance, repair and replacement obligations required of Tenant hereby and any additional maintenance, repairs and replacements that Tenant reasonably deems necessary or advisable in connection with its use of the Premises. All damage or injury to the Premises or the Project resulting from the act or negligence of Tenant, its employees, agents or visitors, guests, invitees or licensees or by the use of the Premises, shall be promptly repaired by Tenant at its sole cost and expense, to the reasonable satisfaction of Landlord; provided, however, that for damage to the Project as a result of casualty, Article 16 below shall apply. Landlord may make any repairs which are not promptly made by Tenant after Tenant's receipt of written notice and the reasonable opportunity of Tenant to make said repair within ten (10) business days from receipt of said written notice, and charge Tenant for the cost thereof, which cost shall be paid by Tenant within thirty (30) days after invoice from Landlord. Tenant shall be responsible for the design and function of all improvements to the Premises, whether or not installed by Landlord at Tenant's request. Tenant waives all rights to make repairs at the expense of Landlord, or to deduct the cost thereof from the rent.

(c) Alterations. Tenant shall make no alterations, installations, changes or additions in or to the Premises or the Project (collectively, "**Alterations**") without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Any Alterations approved by Landlord must be performed in accordance with the terms hereof, using only contractors or mechanics approved by Landlord in writing and upon the approval by Landlord in writing of fully detailed and dimensioned plans and specifications pertaining to the Alterations in question, to be prepared and submitted by Tenant at its sole cost and expense. Tenant shall at its sole cost and expense obtain all necessary approvals and permits pertaining to any Alterations approved by Landlord. Tenant shall cause all Alterations to be performed in a good and workmanlike manner, in conformance with all applicable federal, state, county and municipal laws, rules and regulations, pursuant to a valid building permit, and in conformance with Landlord's construction rules and regulations. If Landlord, in approving any Alterations, specifies a commencement date therefor, Tenant shall not commence any work with respect to such Alterations prior to such date. Tenant hereby agrees to indemnify, defend, and hold Landlord free and harmless from all liens and claims of lien, and all other liability, claims and demands arising out of any work done or material supplied to the Premises by or at the request of Tenant in connection with any Alterations. Notwithstanding anything to the contrary contained herein, Tenant may make Alterations to the Premises (the "**Minor Alterations**"), without Landlord's consent, provided that the aggregate cost of any such Alterations does not exceed \$300,000 in any twelve (12) month period, and further provided that such Alterations do not (i) require any structural modifications to the Premises, (ii) adversely affect the systems and equipment of the Project (including, without limitation, the sprinkler system), or (iii) affect the exterior appearance of the Project. Tenant shall give Landlord at least fifteen (15) days prior notice of such Minor Alterations, which notice shall be accompanied by reasonably adequate evidence that such changes meet the criteria contained in this Section 9(c).

(d) Insurance; Liens. Prior to the commencement of any Alterations, Tenant shall provide Landlord with evidence that Tenant or Tenant's contractor carries "Builder's Risk" insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood that all such Alterations shall be insured by Tenant pursuant to Article 14 of this Lease immediately upon

completion thereof. In addition, Landlord may, in its discretion, require Tenant to deliver evidence of available funds for payment of permitted Alterations with an estimated project cost .in excess of the then applicable amount of the security deposit.

(e) Costs and Fees; Removal. If permitted Alterations are made, they shall be made at Tenant's sole cost and expense and shall be and become the property of Landlord upon expiration or termination of this Lease, except that Landlord may, by written notice to Tenant given at the time of Landlord's approval of plans and specifications, require Tenant at Tenant's expense to remove Improvements and other Alterations from the Premises upon expiration or earlier termination of this Lease, and to repair any damage to the Premises and the Project caused by such removal. Any and all costs attributable to or related to the applicable building codes of the city in which the Project is located (or any other authority having jurisdiction over the Project) arising from Tenant's plans, specifications, improvements, Alterations or otherwise shall be paid by Tenant at its sole cost and expense. With regard to repairs, Alterations or any other work arising from or related to this Article 9 (but not the initial Improvements), Landlord shall be entitled to receive an administrative/coordination fee in the amount of 2% of the hard costs of construction of such work (up to a maximum fee of \$15,000 per Alteration) plus any reasonable out-of-pocket third party costs incurred by Landlord, provided that (i) no such fee shall be payable for Minor Alterations, and (ii) for Tenant's installation of equipment, rather than a 2% administrative/coordination fee, Landlord shall be entitled to a reasonable hourly fee based upon the amount of time Landlord's representative must devote to such installation (provided that Landlord shall charge Tenant for the actual cost of Landlord's representative, which costs shall not exceed \$100.00 per hour). The construction of initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 9, except as expressly provided in the first sentence of this Section 9(e).

(f) Security System. Tenant shall be entitled to install, at Tenant's sole cost and expense, a separate security system for the Premises as an Alteration or as a part of the Improvements; provided, however, that the plans and specifications for any such system shall be subject to Landlord's reasonable approval, and any such system must be compatible with the existing systems of the Project. Tenant's obligation to indemnify, defend and hold Landlord harmless as provided in, and subject to, Section 13(a) below shall also apply to Tenant's use and operation of any such system, and the installation of such system shall otherwise be subject to the terms and conditions of this Article 9 or the Tenant Work Letter (as applicable). At Landlord's option, upon the expiration or earlier termination of this Lease, Tenant shall remove such security system and repair any damage to the Premises resulting from such removal. Tenant shall at all times provide Landlord with a contact person who can disarm the security system and who is familiar with the functions of the system in the event of a malfunction, and Tenant shall provide Landlord with the codes or other necessary information required to disarm the system in the event Landlord must enter the Premises.

(g) Generator; Utility Plant. Subject to Landlord's prior approval of all plans and specifications and Tenant's receipt of any applicable governmental permits and approvals and covenants, conditions and restrictions, Tenant may install as an initial Improvement or as an Alteration, at Tenant's sole cost and expense, a back-up generator to service the Premises, which back-up generator may also include a utility plant (which may include a secure area in which utility infrastructure may be located) to service the Premises and/or the Building E Premises (collectively, the "**Generator/Utility Plant**"). Landlord shall cooperate with Tenant, at no additional cost to Landlord, to secure any such required governmental permits and approvals and to enter into any easements, licenses or other agreements approved by Landlord as are necessary or appropriate to facilitate utility services to and from the Generator/Utility Plant for the benefit of the Premises and/or the Building E Premises. Tenant acknowledges that, notwithstanding Landlord's approval of plans and specifications for the Generator/Utility Plant, Landlord has made no representations or warranties to Tenant with respect to the probability of obtaining the necessary governmental permits and approvals nor any approvals required under the covenants, conditions and restrictions. If Tenant does not receive the necessary permits and approvals for the Generator/Utility Plant, Tenant's and Landlord's rights and obligations under the remaining provisions of this Lease shall not be affected. The Generator/Utility Plant must be at a location reasonably approved by Landlord within the Project or within the surrounding exterior area of the Building E Premises. Landlord's consent to the plans and specifications for the Generator/Utility Plant may be conditioned upon Tenant complying with such reasonable requirements imposed by Landlord, based on the advice of Landlord's structural and mechanical engineers, so that the Project's (and Building E's) systems and equipment are not adversely affected. Any repairs and maintenance of the Generator/Utility Plant shall be the sole responsibility of Tenant. Upon expiration or earlier

termination of this Lease, Tenant shall remove the Generator/Utility Plant and restore the applicable area to the condition existing prior to the installation thereof, except that Tenant shall not be required to remove any underground utilities or the slab underlying the Generator/Utility Plant (but Tenant shall be required to cap off any such utilities in a manner reasonably acceptable to Landlord), However, if Tenant exercises an option to extend for the Building E Lease but does not exercise the corresponding Option for this Lease, then if requested by Landlord, upon expiration of this Lease, Tenant shall remove the connection and associated components from the Generator/Utility Plant to the Premises (including, without limitation, automatic transfer switch, subpanels and HVAC equipment) and return such areas to their original condition (including, without limitation, patching up any penetrations and trenches), reasonable wear and tear excepted. Tenant's obligation to indemnify, defend and hold Landlord harmless as provided in, and subject to, Section 13(a) below shall also apply to Tenant's installation, use and operation of the Generator/Utility Plant. The Generator/Utility Plant shall be deemed to be a part of the Premises for purposes of Article 14 below.

**ARTICLE 10**  
**LIENS**

Tenant shall keep the Premises and the Project free from any mechanics' liens, vendors liens or any other liens arising out of any work performed, materials furnished or obligations incurred by Tenant, and Tenant agrees to defend, indemnify and hold Landlord harmless from and against any such lien or claim or action thereon, together with costs of suit and reasonable attorneys' fees and costs incurred by Landlord in connection with any such claim or action. Before commencing any work of alteration, addition or improvement to the Premises, Tenant shall give Landlord at least ten (10) business days' written notice of the proposed commencement of such work. In the event that there shall be recorded against the Premises or the Project or the property of which the Premises is a part any claim or lien arising out of any such work performed, materials furnished or obligations incurred by Tenant and such claim or lien shall not be removed or discharged by Tenant pursuant to RCW 60.04.161 (or any successor statute(s)) within twenty (20) days after Tenant learns of the filing, Landlord shall have the right but not the obligation to pay and discharge said lien without regard to whether such lien shall be lawful or correct (in which case Tenant shall reimburse Landlord for any such payment made by Landlord within twenty (20) days following written demand), or to require that Tenant promptly deposit with Landlord in cash, lawful money of the United States, one hundred fifty percent (150%) of the amount of such claim, which sum may be retained by Landlord until such claim shall have been removed of record or until judgment shall have been rendered on such claim and such judgment shall have become final, at which time Landlord shall have the right to apply such deposit in discharge of the judgment on said claim and any costs, including attorneys' fees and costs incurred by Landlord, and shall remit the balance thereof to Tenant.

**ARTICLE 11**  
**PROJECT SERVICES**

(a) **Basic Services.** Tenant shall contract directly with the applicable utility companies for provision of water, gas, electricity and other utilities to the Premises and Tenant shall make payment directly to such utility companies for such services. Landlord shall, at the request of Tenant, reasonably cooperate with Tenant's efforts to bring increased utility services to the Project at Tenant's sole cost including, without limitation, entering into one or more easements reasonably approved by Landlord with applicable utility providers. Tenant shall control all hours of utilities operations, including the heating, ventilation and air conditioning system. Tenant shall be responsible for employing a janitorial and waste removal service for the Premises which shall be reasonably approved by Landlord and Tenant acknowledges that Landlord shall have no obligation to provide janitorial service to the Premises. Landlord shall be responsible for employing a janitorial, waste removal and landscaping service for the parking facility and other exterior areas of the Project excluding the Premises. Landlord shall not be liable for, and there shall be no rent abatement as a result of, any stoppage, reduction or interruption of any such services caused by governmental rules, regulations or ordinances, riot, strike, labor disputes, breakdowns, accidents, necessary repairs or other cause except as expressly provided in Section 13(a) below. Notwithstanding the foregoing, during a period of utility interruption, upon request from Tenant, Landlord shall, at no additional cost to Landlord, promptly and diligently cooperate with, and assist, Tenant, as reasonably requested, to help restore disrupted utilities.

(b) **Telecommunications.** Upon request from Tenant from time to time, Landlord will provide Tenant with a listing of telecommunications and media service providers serving the

Project, and Tenant shall have the right to contract directly with the providers of its choice. If Tenant wishes to contract with or obtain service from any provider which does not currently serve the Project or wishes to obtain from an existing carrier services which will require the installation of additional equipment, such provider must, prior to providing service, enter into a written agreement with Landlord setting forth the terms and conditions of the access to be granted to such provider. In no event shall Landlord be obligated to incur any unreimbursed costs or liabilities in connection with the installation or delivery of telecommunication services or facilities at the Project. All such installations shall be subject to Landlord's prior approval and shall be performed in accordance with the terms of Article 9. If Landlord approves the proposed installations in accordance with the foregoing, Landlord will deliver its standard form agreement upon request and will use commercially reasonable efforts to promptly enter into an agreement on reasonable and non-discriminatory terms with a qualified, licensed and reputable carrier confirming the terms of installation and operation of telecommunications equipment consistent with the foregoing.

## **ARTICLE 12** **RIGHTS OF LANDLORD**

(a) **Right of Entry.** Landlord and Landlord's representatives may enter the Premises during business hours on not less than two (2) business days' advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of effecting any repairs required of Landlord under this Lease, inspecting the Premises, showing the Premises to prospective purchasers and, during the last 18 months of the Term, to prospective tenants. Except in the event of emergency, Landlord's entry shall be scheduled and conducted so as not to unreasonably or materially interfere with Tenant's use and occupancy of the Premises for the Permitted Use. Tenant shall at all times, except in the case of emergencies, have the right to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely affect Landlord's access rights hereunder.

(b) **Rooftop.** Tenant may use the roof of the Project to install equipment to be used from the Premises, subject to Tenant's advance written notice to Landlord ("**Equipment Notice**"), which Equipment Notice shall generally describe the specifications for the equipment desired by Tenant. If Tenant so delivers an Equipment Notice, then subject to all governmental laws, rules and regulations and any applicable covenants, conditions and restrictions, Tenant and Tenant's contractors (which shall first be reasonably approved by Landlord) shall have the right and access to install, repair, replace, remove, operate and maintain, in locations on the roof reasonably determined by Tenant, any such equipment that is reasonably necessary for Tenant's Permitted Use (collectively, "**Tenant Equipment**"), together with aesthetic screening designated by Landlord. If penetration of the roof cannot be avoided, Tenant shall retain Landlord's designated roofing contractor to make any necessary penetrations and associated repairs to the roof in order to preserve Landlord's roof warranty. Tenant's installation and operation of the Tenant Equipment shall be governed by the following terms and conditions:

(i) Tenant's right to install, replace, repair, remove, operate and maintain the Tenant Equipment shall be subject to all governmental laws, rules and regulations and covenants, conditions and restrictions and Landlord makes no representation that such covenants, conditions and restrictions and laws, rules and regulations permit such installation and operation.

(ii) All plans and specifications for attachment of the Tenant Equipment and the roof shall be subject to Landlord's reasonable approval.

(iii) All costs of installation, operation and maintenance of the Tenant Equipment and any necessary related equipment (including, without limitation, costs of obtaining any necessary permits and connections to the Project's electrical system) shall be borne by Tenant.

(iv) It is expressly understood that Landlord retains the non-exclusive right to use the roof of the Project for any purpose whatsoever provided that Landlord shall not unduly interfere with Tenant's use of the Tenant Equipment.

(v) Tenant shall use the Tenant Equipment so as not to cause any interference to other tenants in the Development or with any other tenant's communication equipment.

(vi) Landlord shall not have any obligations with respect to the Tenant Equipment except that Landlord shall not interfere with the Tenant Equipment. Tenant shall not lease or otherwise make the Tenant Equipment available to any third party and the Tenant Equipment shall be only for Tenant's use in connection with the conduct of Tenant's business in the Premises.

(vii) Tenant shall (A) be solely responsible for any damage caused as a result of the Tenant Equipment, (B) promptly pay any tax, license or permit fees charged pursuant to any laws or regulations in connection with the installation, maintenance or use of the Tenant Equipment and comply with all precautions and safeguards recommended by all governmental authorities, and (C) pay for all necessary repairs, replacements to or maintenance of the Tenant Equipment.

(viii) The Tenant Equipment shall remain the sole property of Tenant. Tenant shall remove the Tenant Equipment and related equipment at Tenant's sole cost and expense upon the expiration or sooner termination of this Lease or upon the imposition of any governmental law or regulation which may require removal, and shall repair the Project upon such removal to the extent required by such work of removal, reasonable wear and tear excepted. If Tenant fails to remove the Tenant Equipment and repair the Project within fifteen (15) days after the expiration or earlier termination of this Lease, Landlord may do so at Tenant's expense. The provisions of this Section 12(b)(viii) shall survive the expiration or earlier termination of this Lease.

(ix) The Tenant Equipment shall be deemed to constitute a portion of the Premises for purposes of Article 13 of this Lease.

**ARTICLE 13**  
**INDEMNITY; EXEMPTION OF LANDLORD FROM LIABILITY**

(a) **Indemnity.** Tenant shall indemnify, defend and hold Landlord and its members, officers, directors, employees and contractors (collectively, "**Landlord Parties**") harmless from and against any and all loss, cost, liability, damage or expense including, without limitation, penalties, fines, attorneys' fees and costs (collectively, "**Claims**") arising from Tenant's use of the Premises or the Project or from the conduct of its business or from any activity, work or thing which may be permitted or suffered by Tenant in or about the Premises or the Project and shall further indemnify, defend and hold Landlord and the Landlord Parties harmless from and against any and all Claims arising from any negligence or willful misconduct of Tenant or any of its agents, contractors, employees or invitees, patrons, customers or members in or about the Project and from any and all costs, attorneys' fees and costs, expenses and liabilities incurred in the defense of any Claim or any action or proceeding brought thereon, including negotiations in connection therewith. However, notwithstanding the foregoing, Tenant shall not be required to indemnify and/or hold Landlord harmless from any loss, cost, liability, damage or expense, including, but not limited to, penalties, fines, attorneys' fees or costs (collectively, "**Claims**"), to any person, property or entity to the extent resulting from the negligence or willful misconduct of Landlord or its agents, contractors, or employees (except for damage to the Tenant Improvements and Tenant's personal property, fixtures, furniture and equipment in the Premises in which case Tenant shall be responsible to the extent Tenant is required to obtain the requisite insurance coverage pursuant to this Lease). Landlord hereby indemnifies Tenant and holds Tenant harmless from any Claims to the extent resulting from the negligence or willful misconduct of Landlord or its agents, contractors or employees and not covered by insurance required to be carried under this Lease by Tenant or actually carried by Tenant. Further, Tenant's agreement to indemnify Landlord and Landlord's agreement to indemnify Tenant pursuant to this Section 13(a) is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Landlord or Tenant pursuant to this Lease, to the extent such policies cover the matters subject to such indemnification obligations. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord and the Landlord Parties, except to the extent the damage is caused by the negligence or willful misconduct of Landlord or the Landlord Parties (provided that in such case Landlord's liability shall be limited to amounts not covered by insurance carried by Tenant or required to be carried by Tenant pursuant to this Lease).

(b) **Exemption of Landlord from Liability.** Landlord and the Landlord Parties shall not be liable for injury to Tenant's business, or loss of income therefrom, however occurring (including, without limitation, from any failure or interruption of services or utilities or as a result of Landlord's negligence), or, subject to the waivers in Article 14(d) below to the extent applicable and except in connection with damage or injury resulting from a Landlord Default or the gross negligence or willful misconduct of Landlord or the Landlord Parties, for damage that may be



sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees, customers, agents, or contractors, or any other person in, on or about the Premises directly or indirectly caused by or resulting from any cause whatsoever, including, but not limited to, fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, light fixtures, or mechanical or electrical systems, or from intrabuilding cabling or wiring, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Project or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant. Landlord and the Landlord Parties shall not be liable to Tenant for any damages arising from any willful or negligent action or inaction of any other tenant of the Project.

(c) Security. Tenant acknowledges that Landlord's election whether or not to provide any type of mechanical surveillance or security personnel whatsoever in the Project is solely within Landlord's discretion; Landlord and the Landlord Parties shall have no liability in connection with the provision, or lack, of such services, and Tenant hereby agrees to hold Landlord and the Landlord Parties harmless with regard to any such potential claim. Landlord and the Landlord Parties shall not be liable for losses due to theft, vandalism, or like causes. Tenant shall defend, indemnify, and hold Landlord and the Landlord Parties harmless from and against any such claims made by any employee, licensee, invitee, contractor, agent or other person whose presence in, on or about the Premises or the Project is attendant to the business of Tenant.

#### **ARTICLE 14** **INSURANCE**

(a) Tenant's Insurance. Tenant, shall at all times during the Term of this Lease, and at its own cost and expense, procure and continue in force the following insurance coverage: (i) Commercial General Liability Insurance, written on an occurrence basis, with a combined single limit for bodily injury and property damages of not less than Five Million Dollars (\$5,000,000) per occurrence and Ten Million Dollars (\$10,000,000) in the annual aggregate, including products liability coverage if applicable, owners and contractors protective coverage, blanket contractual coverage including both oral and written contracts, and personal injury coverage, covering the insuring provisions of this Lease and the performance of Tenant of the indemnity and exemption of Landlord from liability agreements set forth in Article 13 hereof; (ii) a policy of standard fire, extended coverage and special extended coverage insurance (all risks), including a vandalism and malicious mischief endorsement, sprinkler leakage coverage and earthquake sprinkler leakage where sprinklers are provided in an amount equal to the full replacement value new without deduction for depreciation of all (A) Tenant Improvements, Alterations, fixtures and other improvements in the Premises, including but not limited to all mechanical, plumbing, heating, ventilating, air conditioning, electrical, telecommunication and other equipment, systems and facilities, and (B) trade fixtures, furniture, equipment and other personal property installed by or at the expense of Tenant; (iii) Worker's Compensation coverage as required by law; and (iv) business interruption, loss of income and extra expense insurance covering any failure or Interruption of Tenant's business equipment (including, without limitation, telecommunications equipment) and covering all other perils, failures or interruptions sufficient to cover a period of interruption of not less than twelve (12) months. Pollution Legal Liability insurance shall also be required if Tenant stores, handles, generates or treats Hazardous Materials on or about the Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including damage to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been damaged or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Such coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted for Pollution Legal Liability insurance, provided the policy retroactive date is as of the Commencement Date, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage for Pollution Legal Liability insurance shall be maintained with limits of not less than \$1,000,000 per incident with a \$2,000,000 policy aggregate and for a period of two (2) years after Tenant ceases to occupy the Premises. Finally, Tenant shall carry and maintain during the entire Term (including any option periods, if applicable), at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 14 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably required by Landlord.

(b) Form of Policies. The aforementioned minimum limits of policies and Tenant's procurement and maintenance thereof shall in no event limit the liability of Tenant hereunder. The Commercial General Liability Insurance policy shall name Landlord, the Landlord Parties, Landlord's property manager, Landlord's lender(s) and such other persons or firms as Landlord reasonably specifies from time to time, as additional insureds with an appropriate endorsement to the policy(s). All such insurance policies carried by Tenant shall be with companies having a rating of not less than A-VIII in Best's Insurance Guide. Tenant shall furnish to Landlord, from the insurance companies, or cause the insurance companies to furnish, certificates of coverage. The deductible under each such policy shall be reasonably acceptable to Landlord. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days prior written notice to Landlord by the insurer. All such policies shall be endorsed to agree that Tenant's policy is primary and that any insurance carried by Landlord is excess and not contributing with any Tenant insurance requirement hereunder. Tenant shall, at least twenty (20) days prior to the expiration of such policies, furnish Landlord with renewals or binders. Tenant agrees that if Tenant does not take out and maintain such insurance or furnish Landlord with renewals or binders in a timely manner, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge Tenant the cost thereof, which amount shall be payable by Tenant upon demand with interest (at the rate set forth in Section 20(e) below) from the date such sums are expended. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by Tenant, provided such blanket policies expressly afford coverage to the Premises and to Tenant as required by this Lease.

(c) Landlord's Insurance. Landlord shall, as a cost to be included in Operating Costs, procure and maintain at all times during the Term of this Lease, a policy or policies of insurance covering loss or damage to the Project in the amount of the full replacement costs without deduction for depreciation thereof, providing protection against all perils included within the classification of fire and extended coverage, vandalism coverage and malicious mischief, sprinkler leakage, water damage, and special extended coverage on the building. Additionally, Landlord may carry: (i) Bodily Injury and Property Damage Liability Insurance and/or Excess Liability Coverage Insurance; and (ii) Earthquake and/or Flood Damage Insurance; and (iii) Rental Income Insurance; and (iv) any other forms of insurance that Landlord may reasonably deem appropriate or which any lender with a security interest in the Project may require. The costs of all insurance carried by Landlord shall be included in Operating Costs.

(d) Waiver of Subrogation. Landlord and Tenant each agree to require their respective insurers issuing the insurance described in Sections 14(a)(ii), 14(a)(iv) and the first sentence of Section 14(c), waive any rights of subrogation that such companies may have against the other party. Tenant hereby waives any right that Tenant may have against Landlord and Landlord hereby waives any right that Landlord may have against Tenant as a result of any loss or damage to the extent such loss or damage is insurable under such policies. In addition, as between Landlord and Tenant only, each party hereby waives its immunity with respect to the other under the Industrial Insurance Act (RCW Title 51), and/or the Longshoreman's and Harbor Worker's Act and/or any equivalent acts, and each party expressly agrees to assume potential liability for actions brought against the other party by such waiving parties' employees. The parties have specifically negotiated this waiver and each party has had the opportunity to, and has been encouraged to, consult with independent counsel regarding this waiver.

(e) Compliance with Insurance Requirements. Tenant agrees to pay Landlord forthwith upon demand the amount of any increase in premiums for insurance that may be carried during the Term of this Lease, or the amount of insurance to be carried by Landlord on the Project resulting from Tenant's particular use of the Premises (as opposed to mere occupancy), or from Tenant doing any act in or about the Premises that does so increase the insurance rates, whether or not Landlord shall have consented to such act on the part of Tenant. If Tenant installs upon the Premises any electrical equipment which causes an overload of electrical lines of the Premises, Tenant shall at its own cost and expense, in accordance with all other Lease provisions (specifically including, but not limited to, the provisions of Article 9, 10 and 11 hereof), make whatever changes are necessary to comply with requirements of the insurance underwriters and any governmental authority having jurisdiction thereover, but nothing herein contained shall be deemed to constitute Landlord's consent to such overloading. Tenant shall, at its own expense, comply with all insurance requirements applicable to the Premises including, without limitation, the installation of fire extinguishers or an automatic dry chemical extinguishing system.

**ARTICLE 15**  
**ASSIGNMENT AND SUBLETTING**

Tenant shall have no power to, either voluntarily, involuntarily, by operation of law or otherwise, sell, assign, transfer or hypothecate this Lease, or sublet the Premises or any part thereof, without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant may transfer its interest pursuant to this Lease only upon the following express conditions, which conditions are agreed by Landlord and Tenant to be reasonable:

(a) That the proposed Transferee (as hereafter defined) shall be subject to the prior written consent of Landlord, which shall not be unreasonably withheld; without limiting the generality of the foregoing, Landlord may deny such consent if:

(i) The use to be made of the Premises by the proposed Transferee is (A) a use which conflicts with any so-called "exclusive" then in favor of another tenant of the Development, or (B) a use which would be prohibited by any other portion of this Lease (including but not limited to any Rules and Regulations then in effect);

(ii) The proposed Transferee is a non-profit organization or the financial responsibility of the proposed Transferee is not reasonably satisfactory to Landlord or in any event not at least equal to the financial responsibility of Tenant as of the date of execution of this Lease;

(iii) The proposed Transferee is either a governmental agency or instrumentality thereof; or

(iv) Either the proposed Transferee or any person or entity which directly or indirectly controls, is controlled by or is under common Control with the proposed Transferee is negotiating with Landlord or has negotiated with Landlord during the sixty (60) day period immediately preceding the date of the proposed Transfer, to lease space in the Development.

(b) Upon Tenant's submission of a request for Landlord's consent to any such Transfer, Tenant shall pay to Landlord Landlord's then standard processing fee and reasonable attorneys' fees and costs incurred in connection with the proposed Transfer, which the parties hereby stipulate to be \$3,000.00 per proposed Transfer;

(c) That the proposed Transferee shall execute an agreement pursuant to which it shall agree to perform faithfully and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease applicable to that portion of the Premises so transferred (as appropriate based on whether the Transfer is an assignment or a sublease); and

(d) That an executed duplicate original of said assignment and assumption agreement or other Transfer on a form reasonably approved by Landlord, shall be delivered to Landlord within five (5) business days after the execution thereof, and that such Transfer shall not be binding upon Landlord until the delivery thereof to Landlord and the execution and delivery of Landlord's consent thereto. It shall be a condition to Landlord's consent to any subleasing, assignment or other transfer of part or all of Tenant's interest in the Premises ("**Transfer**") that (i) upon Landlord's consent to any Transfer, Tenant shall pay and continue to pay Landlord fifty percent (50%) of any "Transfer Premium" (defined below), received by Tenant from the transferee; (ii) any sublessee of part or all of Tenant's interest in the Premises shall agree that in the event Landlord gives such sublessee notice that Tenant is in default under this Lease, such sublessee shall thereafter make all sublease or other payments directly to Landlord, which will be received by Landlord without any liability whether to honor the sublease or otherwise (except to credit such payments against sums due under this Lease), and any sublessee shall agree to attorn to Landlord or its successors and assigns at their request should this Lease be terminated for any reason, except that in no event shall Landlord or its successors or assigns be obligated to accept such attornment; (iii) any such Transfer shall be effected on forms reasonably approved by Landlord and/or its legal counsel and any such consent shall be effected on forms provided by Landlord and/or its legal counsel; (iv) Landlord may require that Tenant not then be in default hereunder in any respect; and (v) Tenant or the proposed subtenant or assignee (collectively, "**Transferee**") shall agree to pay Landlord, upon demand, as Additional Rent, a sum equal to the additional costs, if any, incurred by Landlord for maintenance and repair as a result of any change in the nature of occupancy caused by such subletting or assignment. "**Transfer Premium**" shall mean all rent, Additional Rent or other consideration payable by a Transferee in connection with a Transfer in excess of the Basic

Rental and Direct Costs payable by Tenant under this Lease during the term of the Transfer and if such Transfer is for less than all of the Premises, the Transfer Premium shall be calculated on a rentable square foot basis with fair and reasonable allocations made for common areas used by the Transferee. The calculation of "Transfer Premium" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by a Transferee to Tenant for such Transfer, and any payment in excess of fair market value for services rendered by Tenant to the Transferee and any payment in excess of fair market value for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to the Transferee in connection with such Transfer. In any event, the Transfer Premium shall be calculated after deducting the reasonable expenses incurred by Tenant for (1) any changes, alterations and improvements to the Premises paid for by Tenant and approved by Landlord in connection with the Transfer, (2) any other out-of-pocket monetary concessions provided by Tenant to the Transferee, (3) any brokerage commissions paid for by Tenant in connection with the Transfer, and (4) attorneys' fees incurred in documenting, and securing Landlord consent for, the Transfer. Any Transfer of this Lease which is not in compliance with the provisions of this Article 15 shall be voidable by written notice from Landlord. In no event shall the consent by Landlord to any Transfer be construed as relieving Tenant or any Transferee from obtaining the express written consent of Landlord to any further Transfer, or as releasing Tenant from any liability or obligation hereunder whether or not then accrued and Tenant shall continue to be fully liable therefor. No collection or acceptance of rent by Landlord from any person other than Tenant shall be deemed a waiver of any provision of this Article 15 or the acceptance of any Transferee hereunder, or a release of Tenant (or of any Transferee of Tenant). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under this Article 15 or otherwise has breached or acted unreasonably under this Article 15, their sole remedies shall be a declaratory judgment, an injunction for the relief sought and/or direct monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease.

(e) The term "**Affiliate**" shall mean (i) any entity that is controlled by, controls or is under common control with, Tenant or (ii) any entity that merges with, is acquired by, or acquires Tenant through the purchase of stock or assets and where the net worth of the surviving entity as of the date such transaction is completed is not less than that of Tenant immediately prior to the transaction calculated under generally accepted accounting principles. Notwithstanding anything to the contrary contained in this Article 15, an assignment or subletting of all or a portion of the Premises to an Affiliate of Tenant shall not be deemed a Transfer under this Article 15, provided that Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information requested by Landlord regarding such assignment or sublease or such affiliate, and further provided that such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease. An assignee of Tenant's entire interest in this Lease pursuant to the immediately preceding sentence may be referred to herein as an "**Affiliated Assignee.**" "**Control,**" as used in this Article 15, shall mean the ownership, directly or indirectly, of greater than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of greater than fifty percent (50%) of the voting interest in, an entity. A listing of Tenant's stock on a public stock exchange, and transfer of shares pursuant thereto, shall not be deemed a Transfer under this Article 15.

#### **ARTICLE 16** **DAMAGE OR DESTRUCTION**

If the Project is damaged by fire or other insured casualty and the insurance proceeds have been made available therefor by the holder or holders of any mortgages or deeds of trust covering the Premises or the Project, the damage shall be repaired by Landlord to the extent such insurance proceeds are available therefor and provided such repairs can, in Landlord's reasonable opinion (the "**Repair Opinion**"), be completed within one (1) year after the necessity for repairs as a result of such damage becomes known to Landlord and Tenant, without the payment of overtime or other premiums. Until such repairs are completed, and to the extent covered by Landlord's rent interruption insurance, rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business (but there shall be no abatement of rent by reason of any portion of the Premises being unusable for a period equal to one (1) day or less). Tenant shall be responsible, at Tenant's cost but subject to application of Tenant's insurance proceeds, for repairs to the Tenant Improvements and Alterations within the Premises and Landlord shall be responsible, at Landlord's cost but subject to application of Landlord's insurance proceeds, for repairs to the remainder of the Premises; provided, however, that if Landlord and Tenant then mutually agree and subject to Landlord's lender's consent, Landlord may permit Tenant to perform

all repairs to the Premises, in which case Landlord shall make insurance proceeds from Landlord's insurance carrier available to Tenant pursuant to a procedure to be determined at such time. If the Repair Opinion indicates that such repairs cannot be completed within one (1) year after the necessity for repairs as a result of such damage becomes known to Landlord and Tenant without the payment of overtime or other premiums, either party may, at their option, terminate this Lease by notifying the other in writing of such termination within sixty (60) days after Landlord delivers such Repair Opinion to Tenant, with such termination notice to include a termination date giving Tenant sixty (60) days to vacate the Premises. In addition, Landlord may elect to terminate this Lease if the Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, if Landlord's repair obligations are not fully covered, except for deductible amounts, by Landlord's insurance policies or by policies that Landlord was required to carry pursuant to the terms of this Lease; provided, however, that Tenant may elect to nullify such termination by delivering written notice to Landlord thereof within thirty (30) days after Tenant's receipt of Landlord's termination notice and making available to Landlord, pursuant to a procedure reasonably designated by Landlord, any shortfall in funds required to pay for Landlord's repair obligations hereunder. Landlord and Tenant shall reasonably cooperate with one another to complete their respective repair work in a timely manner. If this Lease is terminated pursuant to this Article 16, Tenant shall assign to Landlord a fraction of the insurance proceeds payable to Tenant for Tenant Improvements and Alterations, the numerator of which is the number of months remaining in the Term (or Option Term, as applicable) as of the date of termination, and the denominator of which is the total number of months in the Term (or Option Term, as applicable). Finally, if the Premises or the Project is damaged to any substantial extent during the last eleven (11) months of the Term, then notwithstanding anything contained in this Article 16 to the contrary, Landlord shall have the option to terminate this Lease by giving written notice to Tenant of the exercise of such option within sixty (60) days after Landlord learns of the necessity for repairs as the result of such damage. A total destruction of the Project shall automatically terminate this Lease. Except as provided in Article 13 and this Article 16, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business or property arising from such damage or destruction or the making of any repairs, alterations or improvements in or to any portion of the Project or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant understands that Landlord will not carry insurance of any kind on Tenant's furniture, furnishings, trade fixtures or equipment, and that Landlord shall not be obligated to repair any damage thereto or replace the same. Tenant acknowledges that Tenant shall have no right to any proceeds of insurance carried by Landlord relating to property damage. With respect to any damage which Landlord is obligated to repair or elects to repair, Tenant, as a material inducement to Landlord entering into this Lease, irrevocably waives and releases any rights under law to terminate this Lease, except as set forth in this Article 16 above.

#### **ARTICLE 17** **SUBORDINATION**

This Lease is subject to, and Tenant agrees to comply with, all matters of record affecting the Real Property on the Commencement Date and any other commercially reasonable items that do not materially increase Tenant's obligations or decrease Tenant's rights hereunder. This Lease is also subject and subordinate to all existing and future ground or underlying leases, mortgages and deeds of trust which affect the Real Property, including all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, (i) if the lessor under any such lease or the holder or holders of any such mortgage or deed of trust shall advise Landlord that they desire or require this Lease to be prior and superior thereto, upon written request of Landlord to Tenant, Tenant agrees to promptly execute, acknowledge and deliver any and all documents or instruments which Landlord or such lessor, holder or holders deem necessary or desirable for purposes thereof, and (ii) a condition precedent to such subordination shall be that Landlord obtains from the lender or other party in question a commercially reasonable non-disturbance agreement in favor of Tenant ("**SNDA**"). Subject to the SNDA, Tenant agrees that in the event any proceedings are brought for the foreclosure of any mortgage or deed of trust or any deed in lieu thereof, to attorn to the mortgagee under such mortgage or deed of trust, such mortgagee's successor purchaser or any of their successors or assigns upon any such foreclosure sale or deed in lieu thereof as so requested to do so by such purchaser and to recognize such purchaser as the lessor under this Lease; provided, however, that such mortgagee or its successor shall not be liable for or bound by (i) any payment of any rent installment which may have been made more than thirty (30) days before the due date of such installment, (ii) any act or omission of or default by Landlord under this Lease (but such mortgagee, or such successor, shall be subject to the continuing obligations of Landlord under this Lease to the extent arising from and after such

succession to the extent of such mortgagee's or such successor's interest in the Project), (iii) any credit, claims, setoffs or defenses which Tenant may have against Landlord, (iv) any modification or amendment to this Lease for which such mortgagee's consent is required, but has not been obtained, under a mortgage or deed of trust or (v) any obligation under this Lease to maintain a fitness facility at the Project, if any. Tenant agrees to provide copies of any notices of Landlord's default under this Lease to any mortgagee, deed of trust beneficiary and mezzanine lender whose address has been provided to Tenant and Tenant shall provide such mortgagee, deed of trust beneficiary and mezzanine lender a commercially reasonable time after receipt of such notice within which to cure any such default. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

**ARTICLE 18**  
**EMINENT DOMAIN**

If the whole of the Premises or the Project or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain, or is sold, transferred or conveyed in lieu thereof, this Lease shall automatically terminate as of the date of such condemnation, or as of the date possession is taken by the condemning authority, at Landlord's option. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award which may be made in such taking or condemnation, together with any and all rights of Tenant now or hereafter arising in or to the same or any part thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property and trade fixtures belonging to Tenant and removable by Tenant at the expiration of the Term hereof as provided hereunder, for the interruption of, or damage to, Tenant's business, or for relocation and moving expenses. In the event of a partial taking described in this Article 18, or a sale, transfer or conveyance in lieu thereof, which does not result in a termination of this Lease, the Basic Rental shall be apportioned according to the ratio that the part of the Premises remaining useable by Tenant bears to the total area of the Premises. Tenant hereby waives any and all rights it might otherwise have under law to terminate this Lease in the event of a taking under power of eminent domain.

**ARTICLE 19**  
**DEFAULT**

Each of the following acts or omissions of Tenant or of any guarantor of Tenant's performance hereunder, or occurrences, shall constitute an **"Event of Default"**:

- (a) Failure or refusal to pay Basic Rental, Additional Rent or any other amount to be paid by Tenant to Landlord hereunder within five (5) business days after notice that the same is due or payable hereunder; said five (5) business day period shall be in lieu of, and not in addition to, any statutory notice requirements;
- (b) An Event of Default under the Building E Lease (if Landlord and the landlord under the Building E Lease are then the same entity or are affiliates);
- (c) Except as set forth in items (a) and (b) above and (d) and (e) below, failure to perform or observe any other covenant or condition of this Lease to be performed or observed within thirty (30) days following written notice to Tenant of such failure; provided, however, if the nature of Tenant's obligation is such that more than thirty (30) days are required for its performance, then Tenant shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to completion, Such thirty (30) day notice shall be in lieu of, and not in addition to, any statutory notice requirements;
- (d) The filing by Tenant or any guarantor hereunder in any court pursuant to any statute of a petition in bankruptcy or insolvency or for reorganization or arrangement for the appointment of a receiver of all or a portion of Tenant's property; the filing against Tenant or any guarantor hereunder of any such petition, or the commencement of a proceeding for the appointment of a trustee, receiver or liquidator for Tenant, or for any guarantor hereunder, or of any of the property of either, or a proceeding by any governmental authority for the dissolution or liquidation of Tenant or any guarantor hereunder, if such proceeding shall not be dismissed or trusteeship discontinued

within ninety (90) days after commencement of such proceeding or the appointment of such trustee or receiver; or the making by Tenant or any guarantor hereunder of an assignment for the benefit of creditors; or

(e) Tenant's failure to observe or perform according to the provisions of Articles 7,10, 14, 17 or 25 within five (5) business days after notice from Landlord, which notice from Landlord may be delivered at any time after expiration of the periods for performance set forth in such Articles have expired.

## **ARTICLE 20** **REMEDIES**

(a) Upon the occurrence of an Event of Default under this Lease as provided in Article 19 hereof, Landlord may exercise all of its remedies as may be permitted by law, including but not limited to, terminating this Lease, reentering the Premises and removing all persons and property therefrom, which property may be stored by Landlord at a warehouse or elsewhere at the risk, expense and for the account of Tenant. If Landlord elects to terminate this Lease, Landlord shall be entitled to recover from Tenant the aggregate of all amounts permitted by law, including but not limited to (i) the worth at the time of award of the amount of any unpaid rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, tenant improvement expenses, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The term "rent" as used in this Section 20(a) shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in items (i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in item (e), below, but in no case greater than the maximum amount of such interest permitted by law. As used in item (iii), above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(b) Nothing in this Article 20 shall be deemed to affect Landlord's right to indemnification for liability or liabilities arising prior to the termination of this Lease for personal injuries or property damage under the indemnification clause or clauses contained in this Lease.

(c) Notwithstanding anything to the contrary set forth herein, Landlord's re-entry to perform acts of maintenance or preservation of or in connection with efforts to relet the Premises or any portion thereof, or the appointment of a receiver upon Landlord's initiative to protect Landlord's interest under this Lease shall not terminate Tenant's right to possession of the Premises or any portion thereof and, until Landlord does elect to terminate this Lease, this Lease shall continue in full force and effect and Landlord may enforce all of Landlord's rights and remedies hereunder. Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

(d) All rights, powers and remedies of Landlord hereunder and under any other agreement now or hereafter in force between Landlord and Tenant shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Landlord by law, and the exercise of one or more rights or remedies shall not impair Landlord's right to exercise any other right or remedy.

(e) Any amount due from Tenant to Landlord hereunder which is not paid when due shall bear interest at the lower of eighteen percent (18%) per annum or the maximum lawful rate of interest from the due date until paid, unless otherwise specifically provided herein, but the payment of such interest shall not excuse or cure any default by Tenant under this Lease. In

addition to such interest: (i) if Basic Rental is not paid on or before the fifth (5<sup>th</sup>) day of the calendar month for which the same is due, a late charge equal to five percent (5%) of the amount overdue shall be immediately due and owing and (ii) an additional charge of \$25 shall be assessed for any check given to Landlord by or on behalf of Tenant which is not honored by the drawee thereof; which damages include Landlord's additional administrative and other costs associated with such late payment and unsatisfied checks and the parties agree that it would be impracticable or extremely difficult to fix Landlord's actual damage in such event. Such charges for interest and late payments and unsatisfied checks are separate and cumulative and are in addition to and shall not diminish or represent a substitute for any or all of Landlord's rights or remedies under any other provision of this Lease.

(f) Notwithstanding anything to the contrary set forth in this Lease, Landlord shall be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease (a "**Landlord. Default**") if Landlord fails to perform such obligation within thirty (30) days after the receipt of notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to completion. Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity.

**ARTICLE 21**  
**TRANSFER OF LANDLORD'S INTEREST**

In the event of any transfer of Landlord's interest in the Premises or the Project by sale, assignment, transfer, foreclosure, deed-in-lieu of foreclosure or otherwise whether voluntary or involuntary, Landlord shall be automatically relieved of any and all obligations and liabilities on the part of Landlord for matters first occurring on or after the date of such transfer, including furthermore without limitation, the obligation of Landlord under Article 4 above to return the security deposit, provided said security deposit is transferred to said transferee. Tenant agrees to recognize such transferee as the lessor under this Lease and Tenant shall, within five (5) days after request, execute such further instruments or assurances as such transferee may reasonably deem necessary to evidence or confirm such recognition.

**ARTICLE 22**  
**BROKER**

In connection with this Lease, Tenant warrants and represents that it has had dealings only with firm(s) set forth in Article 1.G. of the Basic Lease Provisions and that it knows of no other person or entity who is or might be entitled to a commission, finder's fee or other like payment in connection herewith and does hereby indemnify and agree to hold Landlord, its agents, members, partners, representatives, officers, affiliates, shareholders, employees, successors and assigns harmless from and against any and all loss, liability and expenses that Landlord may incur should such warranty and representation prove incorrect, inaccurate or false. In connection with this Lease, Landlord warrants and represents that it has had dealings only with firm(s) set forth in Article LG. of the Basic Lease Provisions and that it knows of no other person or entity who is or might be entitled to a commission, finder's fee or other like payment in connection herewith and does hereby indemnify and agree to hold Tenant, its agents, members, partners, representatives, officers, affiliates, shareholders, employees, successors and assigns harmless from and against any and all loss, liability and expenses that Tenant may incur should such warranty and representation prove incorrect, inaccurate or false.

**ARTICLE 23**  
**PARKING**

Tenant shall be entitled to use all of the parking spaces for the Project shown on Exhibit "E" hereto on an unreserved, first-come, first-served basis including the parking stalls located behind the Project as shown on the first page of Exhibit "E" hereto and Tenant may re-stripe such areas at Tenant's sole cost and expense at any time during the Term. However, Tenant may not use the 43 parking stalls shown on the second page of Exhibit "E" (the "**Third Party Parking Area**") and Tenant may not re-stripe the Third Party Parking Area. Landlord shall, at Landlord's sole cost, install labels or signage, as determined by Landlord, designating the Third Party Parking Area and shall direct third-party users of the Third Party Parking Area to abide by all rules and



regulations which are prescribed from time-to-time for the orderly operation and use of the parking facility. Landlord shall direct the third party users of the Third Party Parking Area from accessing any portion of the Project except as necessary to access the Third Party Parking Area. Landlord may use the Third Party Parking Area for any purpose, provided that Landlord shall not materially or unreasonably interfere with Tenant's Permitted Use. Tenant shall not be obligated to pay any fee to Landlord in connection with such parking; however, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the use of the parking facility by Tenant. Tenant's continued right to use the parking spaces is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility are located, including any sticker or other identification system established by Landlord, Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations, and Tenant not being in default under this Lease. Landlord may delegate its responsibilities hereunder to a parking operator or a lessee of the parking facility in which case such parking operator or lessee shall have all the rights of control attributed hereby to the Landlord. The parking spaces provided to Tenant pursuant to this Article 23 are provided to Tenant solely for use by Tenant's own personnel and such spaces may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval.

**ARTICLE 24**  
**WAIVER**

No waiver by Landlord of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. No provision of this Lease may be waived by Landlord, except by an instrument in writing executed by Landlord. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved. No act or thing done by Landlord or Landlord's agents during the Term of this Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Any payment by Tenant or receipt by Landlord of an amount less than the total amount then due hereunder shall be deemed to be in partial payment only thereof and not a waiver of the balance due or an accord and satisfaction, notwithstanding any statement or endorsement to the contrary on any check or any other instrument delivered concurrently therewith or in reference thereto. Accordingly, Landlord may accept any such amount and negotiate any such check without prejudice to Landlord's right to recover all balances due and owing and to pursue its other rights against Tenant under this Lease, regardless of whether Landlord makes any notation on such instrument of payment or otherwise notifies Tenant that such acceptance or negotiation is without prejudice to Landlord's rights.

**ARTICLE 25**  
**ESTOPPEL CERTIFICATE**

Tenant shall, at any time and from time to time, upon not less than ten (10) business days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying the following information, (but not limited to the following information in the event further information is requested by Landlord): (i) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as modified, is in full force and effect); (ii) the dates to which the rental and other charges are paid in advance, if any; (iii) the amount of Tenant's security deposit, if any; and (iv) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, and no events or conditions then in existence which, with the passage of time or notice or both, would constitute a default on the part of Landlord hereunder, or specifying such defaults, events or conditions, if any are claimed. It is expressly understood and agreed that any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Real Property. Tenant's failure to deliver such statement within such time shall constitute an admission by Tenant that all statements contained therein are true and correct.

Within thirty (30) days after written request from Tenant, Landlord will similarly execute an estoppel certificate: (i) certifying that this Lease is unmodified and in full force and effect (or,

if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), (ii) stating the dates to which the rental and other charges are paid in advance, if any, (iii) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of Tenant hereunder, or specifying such defaults if any are claimed and (iv) setting forth such further information with respect to the status of this Lease or the Premises as may be reasonably requested thereon.

**ARTICLE 26**  
**LIABILITY OF LANDLORD**

Notwithstanding anything in this Lease to the contrary, any remedy of Tenant for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder or any claim, cause of action or obligation, contractual, statutory or otherwise by Tenant against Landlord or the Landlord Parties concerning, arising out of or relating to any matter relating to this Lease and all of the covenants and conditions or any obligations, contractual, statutory, or otherwise set forth herein, shall be limited solely and exclusively to an amount which is equal to the interest of Landlord in and to the Project. No other property or assets of Landlord or any Landlord Party shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, Landlord's obligations to Tenant, whether contractual, statutory or otherwise, the relationship of Landlord and Tenant hereunder, or Tenant's use or occupancy of the Premises.

**ARTICLE 27**  
**INABILITY TO PERFORM**

This Lease and the obligations of both parties hereunder shall not be affected or impaired because a party obligated to perform is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of any prevention, delay or stoppage due to strikes, lockouts, acts of God, terrorism, evacuation or any other cause previously, or at such time, beyond the reasonable control of such party (collectively, a "**Force Majeure**") and such party's obligations under this Lease shall be suspended by any such Force Majeure; provided, however, that this Article 27 is not intended to, and shall not, (i) extend the time period for the payment of any monetary amounts due (including, without limitation, rent payments from Tenant) from either party to the other under this Lease nor relieve either party from their monetary obligations to the other under this Lease, or (ii) exercise, limit or delay Tenant's obligation to vacate and surrender the Premises upon the expiration or earlier termination of this Lease.

**ARTICLE 28**  
**HAZARDOUS WASTE**

(a) Tenant shall not cause or permit any Hazardous Material (as defined in Section 28(c) below) to be brought, kept or used in or about the Project by Tenant, its agents, employees, contractors, or invitees. If the presence of any Hazardous Material on the Project caused or permitted by Tenant results in any contamination of the Project, then subject to the provisions of .Articles 9, 10 and 11 hereof, Tenant shall promptly take all actions at its sole expense as are necessary to return the Project to the condition existing prior to the introduction of any such Hazardous Material and the contractors to be used by Tenant for such work must be approved by Landlord, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Project and so long as such actions do not materially interfere with the use and enjoyment of the Project by the other tenants thereof; provided however, Landlord shall also have the right, by written notice to Tenant, to directly undertake any such mitigation efforts with regard to Hazardous Materials in or about the Project due to Tenant's breach of its obligations pursuant to this Section 28(a), and to charge Tenant, as Additional Rent, for the costs thereof.

(b) Landlord acknowledges that it is not the intent of this Article 28 to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (i) a list identifying each type and quantity of Hazardous Material to be present at the Premises, (ii) a list of any and all approvals or permits from governmental authorities required in connection with the presence of such Hazardous Material at the Premises and (iii) correct and complete copies of notices of violations of Laws related to Hazardous Materials (collectively,

**“Hazardous Materials Documents”**). No storage tanks shall be permitted. Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (1) there are any changes to the Hazardous Materials Documents or (2) Tenant initiates any Alterations or changes its business and such change or Alterations involve any material increase in the types or amounts of Hazardous Materials, in which case Tenant shall deliver updated Hazardous Materials Documents before or, if not practicable to do so before, as soon as reasonably practicable after the occurrence of the events above. The Hazardous Materials Documents shall include the following for each Hazardous Material listed: the chemical name, the material state (e.g., solid, liquid, gas or cryogen), the concentration, the storage amount and storage condition (e.g., in cabinets or not in cabinets), the use amount and use condition (e.g., open use or closed use), the location (e.g., room number or other identification) and if known, the chemical abstract service number. Landlord may, at Landlord’s expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord’s review of Tenant’s Hazardous Materials Documents or Tenant’s use or disposal of Hazardous Materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant’s use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures. At any time, and from time to time, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to determine whether Hazardous Materials are present or whether contamination has occurred due to the acts or omissions of Tenant, its agents, employees or contractors. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials exist at the Project in violation of this Lease. Tenant represents and warrants to Landlord that is not nor has it been, in connection with the use, disposal or storage of Hazardous Materials, subject to a material enforcement order issued by any governmental authority or required to take any remedial action.

(c) As used herein, the term **“Hazardous Material”** means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government. The term “Hazardous Material” includes, without limitation, any material or substance which is (i) designated as a “Hazardous Substance” pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), (ii) defined as a “Hazardous Waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903), or (iii) defined as a “Hazardous Substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601).

(d) As used herein, the term **“Laws”** means any applicable federal, state or local law, ordinance, or regulation relating to any Hazardous Material affecting the Project, including, without limitation, the laws, ordinances, and regulations referred to in Section 28(c) above.

(e) Landlord shall, at no cost to Tenant (and not as an Operating Cost), remove or remediate any Hazardous Material which exist at the Project as of the date of this Lease to the extent required under applicable Laws. Subject to Tenant’s execution and delivery to Landlord of a commercially reasonable nondisclosure agreement, on or before the Commencement Date, Landlord shall deliver to Tenant a Phase I environmental site assessment for the Project.

## **ARTICLE 29** **SURRENDER OF PREMISES; REMOVAL OF PROPERTY**

(a) The voluntary or other surrender of this Lease by Tenant to Landlord, or a mutual termination hereof, shall not work a merger, and shall at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies affecting the Premises.

(b) Upon the expiration of the Term of this Lease, or upon any earlier termination of this Lease, Tenant shall quit and surrender possession of the Premises to Landlord in good order and condition, reasonable wear and tear and repairs which are Landlord’s obligation excepted, and shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, all furniture, equipment, business and trade fixtures, free-standing cabinet work, moveable partitioning, telephone and data cabling and other articles of personal property in the Premises except to the extent (i) Landlord elects by notice to Tenant to exercise its option to have

any subleases or subtenancies assigned to it, and/or (ii) Landlord elects by notice to Tenant not to require Tenant to remove any data cabling servicing the Premises (in which event Tenant shall pay to Landlord the estimated cost to be incurred by Landlord in connection with removing said data cabling) within three (3) business days following written demand therefor from Landlord. Tenant shall be responsible for the cost to repair ail damage to the Premises resulting from the removal of any of such items from the Premises, provided that Landlord shall have the right to either (I) cause Tenant to perform said repair work, or (II) perform said repair work itself, at Tenant's expense (with any such costs incurred by Landlord to be reimbursed by Tenant to Landlord within three (3) business days following written demand therefor from Landlord).

(c) Whenever Landlord shall reenter the Premises as provided in Article 20 hereof, or as otherwise provided in this Lease, any property of Tenant not removed by Tenant upon the expiration of the Term of this Lease (or within forty-eight (48) hours after a termination by reason of Tenant's default), as provided in this Lease, shall be considered abandoned and Landlord may remove any or all of such items and dispose of the same in any manner or store the same in a public warehouse or elsewhere for the account and at the expense and risk of Tenant, and if Tenant shall fail to pay the cost of storing any such property after it has been stored for a period of thirty (30) days or more, Landlord may sell any or all of such property at public or private sale, in such manner and at such times and places as Landlord, in its sole discretion, may deem proper, without notice to or demand upon Tenant, for the payment of all or any part of such charges or the removal of any such property, and shall apply the proceeds of such sale as follows: first, to the cost and expense of such sale, including reasonable attorneys' fees and costs for services rendered; second, to the payment of the cost of or charges for storing any such property; third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

(d) Subject to Section 29(e) below, all fixtures, Tenant Improvements, Alterations and/or appurtenances attached to or built into the Premises prior to or during the Term, whether by Landlord or Tenant and whether at the expense of Landlord or Tenant, or of both, shall be and remain part of the Premises and shall not be removed by Tenant at the end of the Term unless otherwise expressly provided for in this Lease.

(e) Notwithstanding anything to the contrary contained in this Lease, if any portion of the Premises is used as a laboratory ("**Lab Space**"), upon expiration or earlier termination of this Lease, Tenant shall remove all Tenant Improvements, Alterations, furniture, fixtures, equipment and other property from such Lab Space and return such space to Landlord in shell condition. Furthermore, at least thirty (30) days prior to Tenant's surrender of possession of the Premises (or in the event of an earlier termination of this Lease, as soon as reasonably possible following such termination), Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Lab Space which complies with the American National Standards Institute's Laboratory Decommissioning guidelines (ANSI/AIHA Z9.11-2008) or any successor standards published by ANSI or any successor organization (or, if ANSI and its successors no longer exist, a similar entity publishing similar standards) ("**Exit Survey**") prepared by an independent third party state-certified professional with appropriate expertise, in a form reasonably acceptable to Landlord. The Exit Survey must confirm that the Lab Space is in a clean and safe condition and free and clear of any Hazardous Materials caused by Tenant or any Tenant Party. In addition, at least ten (10) days prior to Tenant's surrender of possession of any Lab Space, Tenant shall (i) provide Landlord with written evidence of all appropriate governmental releases obtained by Tenant in accordance with Environmental Laws (e.g., decommissioning of any radioactive licenses) and relating to any Hazardous Materials used at the Premises, and (ii) conduct a site inspection with Landlord. Landlord may require that Tenant provide a Phase I Environmental Site Assessment for the Project upon Tenant's surrender of the Premises in addition to the Exit Survey. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey (and Phase I as applicable) resulting from the acts or omissions of Tenant or the Tenant Parties in accordance with a remediation plan reasonably approved by Landlord. Tenant's obligations under this Section 29(e) shall survive the expiration or earlier termination of this Lease.

### **ARTICLE 30** **MISCELLANEOUS**

(a) **SEVERABILITY; ENTIRE AGREEMENT.** ANY PROVISION OF THIS LEASE WHICH SHALL PROVE TO BE INVALID, VOID, OR ILLEGAL SHALL IN NO WAY AFFECT, IMPAIR OR INVALIDATE ANY OTHER PROVISION HEREOF AND SUCH

OTHER PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT. THIS LEASE AND THE EXHIBITS AND ANY ADDENDUM ATTACHED HERETO CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO WITH REGARD TO TENANT'S OCCUPANCY OR USE OF ALL OR ANY PORTION OF THE PROJECT, AND NO PRIOR AGREEMENT OR UNDERSTANDING PERTAINING TO ANY SUCH MATTER SHALL BE EFFECTIVE FOR ANY PURPOSE. NO PROVISION OF THIS LEASE MAY BE AMENDED OR SUPPLEMENTED EXCEPT BY AN AGREEMENT IN WRITING SIGNED BY THE PARTIES HERETO OR THEIR SUCCESSOR IN INTEREST. THE PARTIES AGREE THAT ANY DELETION OF LANGUAGE FROM THIS LEASE PRIOR TO ITS MUTUAL EXECUTION BY LANDLORD AND TENANT SHALL NOT BE CONSTRUED TO HAVE ANY PARTICULAR MEANING OR TO RAISE ANY PRESUMPTION, CANON OF CONSTRUCTION OR IMPLICATION INCLUDING, WITHOUT LIMITATION, ANY IMPLICATION THAT THE PARTIES INTENDED THEREBY TO STATE THE CONVERSE, OBVERSE OR OPPOSITE OF THE DELETED LANGUAGE.

(b) Attorneys' Fees; Waiver of Jury Trial.

(i) In any action to enforce the terms of this Lease, including any suit by Landlord for the recovery of rent or possession of the Premises, the losing party shall pay the substantially prevailing party a reasonable sum for attorneys' fees and costs in such suit and such attorneys' fees and costs shall be deemed to have accrued prior to the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Tenant shall also reimburse Landlord for all costs incurred by Landlord in connection with enforcing its rights under this Lease against Tenant following a bankruptcy by Tenant or otherwise, including, without limitation, legal fees, experts' fees and expenses, court costs and consulting fees.

(ii) Should Landlord, without fault on Landlord's part, be made a party to any litigation instituted by Tenant or by any third party against Tenant, or by or against any person holding under or using the Premises by license of Tenant, or for the foreclosure of any lien for labor or material furnished to or for Tenant or any such other person or otherwise arising out of or resulting from any act or transaction of Tenant or of any such other person, Tenant covenants to save and hold Landlord harmless from any judgment rendered against Landlord or the Premises or any part thereof and from all costs and expenses, including reasonable attorneys' fees and costs incurred by Landlord in connection with such litigation.

(iii) TO THE EXTENT PERMITTED BY LAW, EACH PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION SEEKING SPECIFIC PERFORMANCE OF ANY PROVISION OF THIS LEASE, FOR DAMAGES FOR ANY BREACH UNDER THIS LEASE, OR OTHERWISE FOR ENFORCEMENT OF ANY RIGHT OR REMEDY HEREUNDER.

(c) Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease.

(d) Headings; Joint and Several. The article headings contained in this Lease are for convenience only and do not in any way limit or amplify any term or provision hereof. The terms "Landlord" and "Tenant" as used herein shall include the plural as well as the singular, the neuter shall include the masculine and feminine genders and the obligations herein imposed upon Tenant shall be joint and several as to each of the persons, firms or corporations of which Tenant may be composed.

(e) NO OPTION. THE SUBMISSION OF THIS LEASE BY LANDLORD, ITS AGENT OR REPRESENTATIVE FOR EXAMINATION OR EXECUTION BY TENANT DOES NOT CONSTITUTE AN OPTION OR OFFER TO LEASE THE PREMISES UPON THE TERMS AND CONDITIONS CONTAINED HEREIN OR A RESERVATION OF THE PREMISES IN FAVOR OF TENANT, IT BEING INTENDED HEREBY THAT THIS LEASE SHALL ONLY BECOME EFFECTIVE UPON THE EXECUTION HEREOF BY LANDLORD AND TENANT AND DELIVERY OF A FULLY EXECUTED LEASE TO TENANT.

(f) Rules and Regulations. Tenant shall observe faithfully and comply strictly with the rules and regulations ("**Rules and Regulations**") attached to this Lease as Exhibit "B" and made a part hereof, and such other Rules and Regulations as Landlord may from time to time reasonably adopt for the safety, care and cleanliness of the Project, the facilities thereof, or the preservation of good order therein; provided, however, no new Rules and Regulations shall materially diminish

Tenant's rights hereunder nor materially increase Tenant's obligations hereunder. Landlord shall not be liable to Tenant for violation of any such Rules and Regulations, or for the breach of any covenant or condition in any lease by any other tenant in the Project. A waiver by Landlord of any Rule or Regulation for any other tenant shall not constitute nor be deemed a waiver of the Rule or Regulation for this Tenant.

(g) Quiet Possession. Upon Tenant's paying the Basic Rental, Additional Rent and other sums provided hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof, subject to all of the provisions of this Lease.

(h) Rent. All payments required to be made hereunder to Landlord shall be deemed to be rent, whether or not described as such.

(i) Successors and Assigns. Subject to the provisions of Article 15 hereof, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(j) Notices. All notices or other communications between the parties shall be in writing and shall be deemed duly given upon delivery or refusal to accept delivery by the addressee thereof if delivered in person, or upon actual receipt if delivered by reputable overnight guaranty courier, addressed and sent to the parties at the following addresses:

If to Landlord:

BRE WA OFFICE OWNER LLC  
c/o EQ Office  
19191 South Vermont, Suite 100  
Torrance, California 90502  
Attn: Regional Finance Group - MLA

with copies to:

BRE WA OFFICE OWNER LLC  
c/o EQ Office  
3100 Bristol Street, Suite 200  
Costa Mesa, California 92626  
Attn: Managing Counsel

and:

BRE WA OFFICE OWNER LLC  
c/o EQ Office  
233 South Wacker Drive, Suite 4700  
Chicago, Illinois 60606  
Attn: Lease Administration

If to Tenant:

LYELL IMMUNOPHARMA, INC.  
400 E. Jamie Ct., Suite 301  
South San Francisco, CA 94080  
Attn: Associate General Counsel

Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(k) Right of Landlord to Perform. All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent. If Tenant shall fail to pay any sum of money, other than rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue beyond any applicable cure period set forth in this Lease, Landlord may, but shall not be obligated to, without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's

part to be made or performed as is in this Lease provided. All sums so paid by Landlord and all reasonable incidental costs, together with interest thereon at the rate specified in Section 20(e) above from the date of such payment by Landlord, shall be payable to Landlord on demand and Tenant covenants to pay any such sums, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of the rent.

(l) Signing Authority. Tenant represents and warrants that the person signing on behalf of Tenant is duly authorized to execute and deliver this Lease on behalf of said entity. Landlord represents and warrants that the person signing on behalf of Landlord is duly authorized to execute and deliver this Lease on behalf of said entity.

(m) Identification of Tenant. If Tenant constitutes more than one person or entity, (A) each of them shall be jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions and provisions of this Lease to be kept, observed and performed by Tenant, (B) the term "Tenant" as used in this Lease shall mean and include each of them jointly and severally, and (C) the act of or notice from, or notice or refund to, or the signature of, any one or more of them, with respect to the tenancy of this Lease, including, but not limited to, any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons or entities executing this Lease as Tenant with the same force and effect as if each and all of them had so acted or so given or received such notice or refund or so signed.

(n) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Washington, No conflicts of law rules of any state or country (including, without limitation, Washington conflicts of law rules) shall be applied to result in the application of any substantive or procedural laws of any state or country other than Washington. All controversies, claims, actions or causes of action arising between the parties hereto and/or their respective successors and assigns, shall be brought, heard and adjudicated by the courts of the State of Washington, with venue in the county in which the Project is located. Each of the parties hereto hereby consents to personal jurisdiction by the courts of the State of Washington in connection with any such controversy, claim, action or cause of action, and each of the parties hereto consents to service of process by any means authorized by Washington law and consent to the enforcement of any judgment so obtained in the courts of the State of Washington on the same terms and conditions as if such controversy, claim, action or cause of action had been originally heard and adjudicated to a final judgment in such courts. Each of the parties hereto further acknowledges that the laws and courts of Washington were freely and voluntarily chosen to govern this Lease and to adjudicate any claims or disputes hereunder.

(o) Office of Foreign Assets Control. Tenant certifies to Landlord that (i) Tenant is not entering into this Lease, nor acting, for or on behalf of any person or entity named as a terrorist or other banned or blocked person or entity pursuant to any law, order, rule or regulation of the United States Treasury Department or the Office of Foreign Assets Control and (ii) Tenant shall not assign this Lease or sublease to any such person or entity or anyone acting on behalf of any such person or entity. Landlord shall have the right to conduct all reasonable searches in order to ensure compliance with the foregoing. Tenant hereby agrees to indemnify, defend and hold Landlord and the Landlord Parties harmless from any and all claims arising from or related to any breach of the foregoing certification.

(p) Financial Statements. Within ten (10) business days after Tenant's receipt of Landlord's written request, Tenant shall provide Landlord with Tenant's most recent financial statements and, to the extent available, financial statements for the two (2) calendar or fiscal years (if Tenant's fiscal year is other than a calendar year) prior to the most recent financial statements. Any such statements shall be prepared in accordance with generally accepted accounting principles and, if the normal practice of Tenant, shall be audited by an independent certified public accountant. Landlord agrees that any financial statements delivered to Landlord under this Section 30(p) shall, unless available in the public domain, constitute confidential information of Tenant (and Tenant may require Landlord to execute a commercially reasonable confidentiality agreement prior to delivery), provided Tenant acknowledges and agrees that such financial statements may be disclosed by Landlord to Landlord's affiliates, attorneys, accountants and/or prospective lenders or purchasers so long as such parties agree to keep such information confidential,

(q) Exhibits. The Exhibits attached hereto are incorporated herein by this reference as if fully set forth herein.

(r) **Independent Covenants.** This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent (and not dependent) and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to set off of any of the rent or other amounts owing hereunder against Landlord,

(s) **Counterparts.** This Lease may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement.

(t) **Building E Lease.** Landlord and Tenant acknowledge that concurrently with their execution and delivery of this Lease, they will be entering into a lease of Canyon Park East, Building E (the "**Building E Premises**") located at 2525 223<sup>rd</sup> Street SE, Bothell, Washington 98021 (the "**Building E Lease**")

### **ARTICLE 31** **OPTIONS TO EXTEND**

(a) **Option Rights.** Landlord hereby grants the Tenant named in this Lease (the "**Original Tenant**") two (2) options ("**Options**") to extend the Term for the entire Premises for a period of ninety (90) months each ("**Option Terms**"), which Options shall be exercisable only by written notice delivered by Tenant to Landlord as set forth below. The rights contained in this Article 31 shall be personal to the Original Tenant or to an Affiliated Assignee of the same, and may only be exercised by the Original Tenant or an Affiliated Assignee of the same (and not any assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) if the Original Tenant or such Affiliated Assignee occupies at least 75% of the Premises as of the date of Tenant's Acceptance (as defined in Section 31(c) below). In no event may Tenant exercise the second (2<sup>nd</sup>) Option unless the initial Term has been previously extended for the first (1<sup>st</sup>) Option Term.

(b) **Option Rent.** The rent payable by Tenant during the Option Terms ("**Option Rent**") shall be equal to the "Market Rent" (defined below), but in no event shall the Option Rent be less than Tenant is paying under the Lease on the month immediately preceding the Option Term for Monthly Basic Rental, including all escalations, Direct Costs, additional rent and other charges. "**Market Rent**" shall mean the applicable Monthly Basic Rental, including all escalations, Direct Costs, additional rent and other charges at which tenants, as of the commencement of the Option Term, are entering into leases for non-sublease space which is not encumbered by expansion rights and which is comparable in size, location and quality to the Premises in renewal transactions, for a term comparable to the Option Term, which comparable space is located in buildings comparable to the Project in Bothell, Washington. The Market Rent shall take into consideration the value of the existing improvements in the Premises to Tenant, as compared to the value of the existing improvements in such comparable space; provided, however, that any Improvements installed by Tenant in the Premises shall not be taken into consideration in determining the Market Rent except that Landlord's contribution toward the costs of such Improvements shall be taken into consideration in the determination of Market Rent.

(c) **Exercise of Options.** The Options shall be exercised by Tenant only in the following manner: (i) Tenant shall not be in default under this Lease on the delivery date of the Interest Notice and Tenant's Acceptance; (ii) Tenant shall deliver written notice ("**Interest Notice**") to Landlord not more than fifteen (15) months nor less than twelve (12) months prior to the expiration of the initial Term (or first Option Term, as applicable), stating that Tenant is interested in exercising the Option; (iii) within twenty (20) business days of Landlord's receipt of Tenant's written notice, Landlord shall deliver notice ("**Option Rent Notice**") to Tenant setting forth the Option Rent; and (iv) if Tenant desires to exercise such Option, Tenant shall provide Landlord written notice within twenty (20) business days after receipt of the Option Rent Notice ("**Tenant's Acceptance**") and upon, and concurrent with such exercise, Tenant may, at its option, object to the Option Rent contained in the Option Rent Notice. Tenant's failure to deliver the Interest Notice or Tenant's Acceptance on or before the dates specified above shall be deemed to constitute Tenant's election not to exercise the Option. If Tenant timely and properly exercises its Option, the initial Term (or first Option Term, as applicable) shall be extended for the Option Term upon all of the terms and conditions set forth in this Lease, except that the rent for the Option Term shall be as indicated in the Option Rent Notice unless Tenant, concurrently with Tenant's Acceptance, objects to the Option Rent contained in the Option Rent Notice, in which case the parties shall follow the procedure and the Option Rent shall be determined, as set forth in Section 31(d) below.



(d) **Determination of Market Rent.** If Tenant timely and appropriately objects to the Market Rent in Tenant's Acceptance, Landlord and Tenant shall attempt to agree upon the Market Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within thirty (30) days following Tenant's Acceptance ("**Outside Agreement Date**"), then each party shall make a separate determination of the Market Rent which shall be simultaneously submitted to each other and to arbitration in accordance with the following items (i) through (vii):

(i) Landlord and Tenant shall each appoint, within ten (10) days of the Outside Agreement Date, one arbitrator who shall by profession be a current real estate broker or appraiser of comparable commercial properties in the immediate vicinity of the Project, and who has been active in such field over the last ten (10) years. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Market Rent is the closest to the actual Market Rent as determined by the arbitrators, taking into account the requirements of item (b), above (i.e., the arbitrators may only select Landlord's or Tenant's determination of Market Rent and shall not be entitled to make a compromise determination).

(ii) The two (2) arbitrators so appointed shall within five (5) business days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators, except that the third (3rd) arbitrator shall not have represented Landlord or Tenant within the previous ten (10) years.

(iii) The three (3) arbitrators shall within fifteen (15) days of the appointment of the third arbitrator reach a *decision as to* whether the parties shall use Landlord's or Tenant's submitted Market Rent, and shall notify Landlord and Tenant thereof.

(iv) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(v) If either Landlord or Tenant fails to appoint an arbitrator within ten (10) days after the applicable Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(vi) If the two (2) arbitrators fail to agree upon and appoint a third (3<sup>rd</sup>) arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third (3<sup>rd</sup>) arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth in this item (d).

(vii) The cost of arbitration shall be paid by Landlord and Tenant equally.

## **ARTICLE 32** **SIGNAGE**

Subject to this Article 32, Tenant shall be entitled to install, at its sole cost and expense, signage with Tenant's name on an exterior facade of the Project ("**Signage**"). The graphics, materials, size, color, design, lettering, lighting (if any), specifications and exact location of the Signage (collectively, the "**Signage Specifications**") shall be subject to the prior written approval of Landlord. In addition, the Signage and all Signage Specifications therefore shall be subject to Tenant's receipt of all required governmental permits and approvals, shall be subject to all applicable governmental laws and ordinances, and all covenants, conditions and restrictions affecting the Project. Landlord shall cooperate with Tenant (at no additional cost to Landlord) to secure any such required governmental permits and approvals. Tenant hereby acknowledges that, notwithstanding Landlord's approval of the Signage and/or the Signage Specifications therefor, Landlord has made no representations or warranty to Tenant with respect to the probability of obtaining such approvals and permits. In the event Tenant does not receive the necessary permits and approvals for the Signage, Tenant's and Landlord's rights and obligations under the remaining provisions of this Lease shall not be affected. The cost of installation of the Signage, as well as all costs of design and construction of such Signage and all other costs associated with such Signage, including, without limitation, permits, maintenance and repair, shall be the sole responsibility of Tenant. The rights to the Signage shall be personal to the Original Tenant and any assignee or subtenant of the entire Premises and may not otherwise be transferred. Should the Signage require maintenance or repairs as determined in Landlord's reasonable judgment,



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

Country of Los Angeles }  
}

On August 28, 2019 before me, Marlene E. Gomez, Notary,  
Date Here Insert Name and Title of the Officer

personally appeared Charles Hobey  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature /s/ Marlene Gomez

Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

Corporate Officer – Title(s): \_\_\_\_\_

Partner –  Limited  General

Individual  Attorney in Fact

Trustee  Guardian of Conservator

Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

Corporate Officer – Title(s): \_\_\_\_\_

Partner –  Limited  General

Individual  Attorney in Fact

Trustee  Guardian of Conservator

Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

STATE OF WASHINGTON )  
 )  
COUNTY OF King )

I certify that I know or have satisfactory evidence that Richard Klausner is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the CEO of Lyell Immunopharma to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 8/23/19

/s/ Jade Rice

\_\_\_\_\_  
(Signature)

(Seal or stamp)

Jade Rice

\_\_\_\_\_  
(Name legibly printed or stamped)

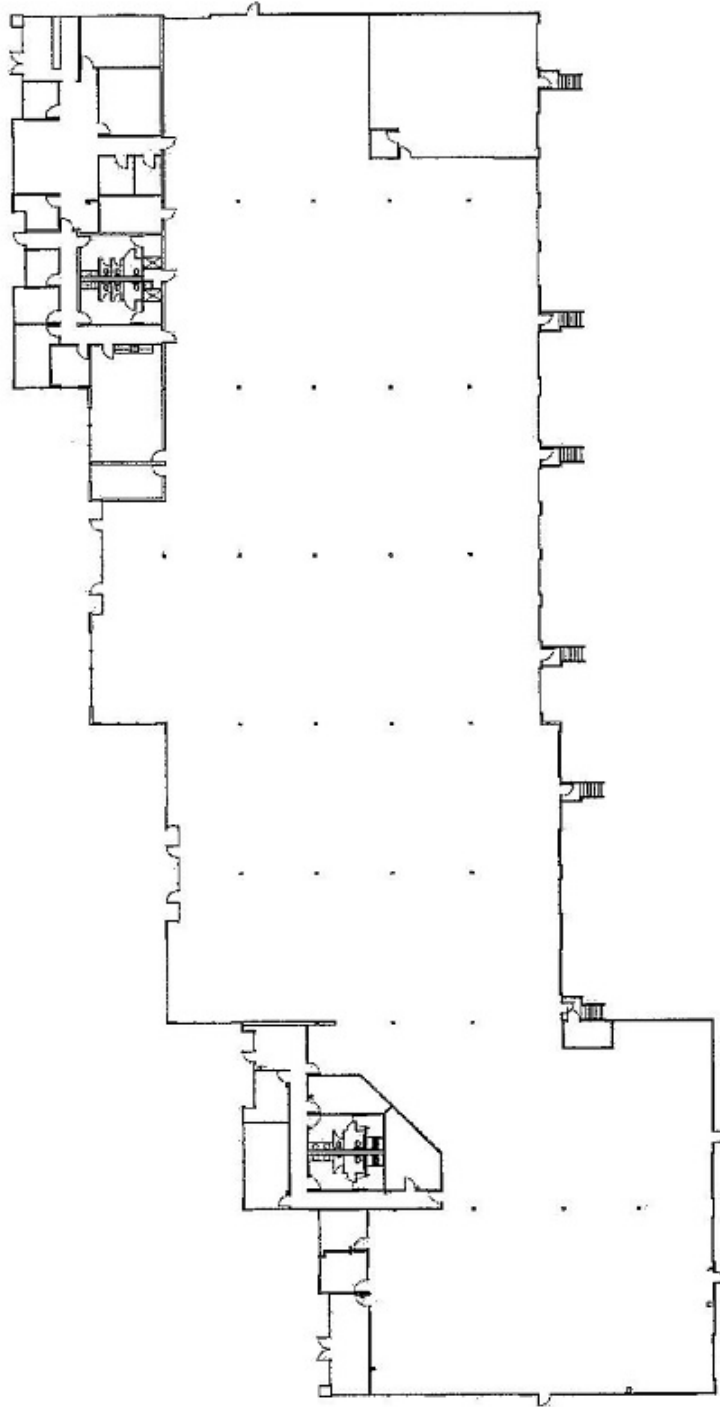
Notary Public in and for the State of Washington residing at Seattle, WA

\_\_\_\_\_  
My appointment expires 6/23/21



**EXHIBIT "A"**

**PREMISES**



This Exhibit "A" is provided for informational purposes only and is intended to be only an approximation of the layout of the Premises and shall not be deemed to constitute any representation by Landlord as to the exact layout or configuration of the Premises.

EXHIBIT "A"

**EXHIBIT "A-1"**

**LEGAL DESCRIPTION OF PROPERTY**

TRACT 29C OF BINDING SITE PLAN RECORDED JANUARY 20, 1993 UNDER RECORDING NO. 9301205003, BEING A PORTION OF SECTION 29, TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M., IN SNOHOMISH COUNTY, WASHINGTON.

EXHIBIT "A-1"

**EXHIBIT "B"**

**RULES AND REGULATIONS**

1. No sign, advertisement or notice shall be displayed, printed or affixed on or to the Premises or to the outside or inside of the Project so as to be visible from outside the Project without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall have the right to remove any non-approved sign, advertisement or notice which is visible from outside the Project, upon notice to and at the expense of Tenant, and Landlord shall not be liable in damages for such removal.
2. The sidewalks and entrances of the Project shall not be obstructed by Tenant or used for any purpose other than for ingress and egress from Tenant's Premises.
3. Toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein.
4. Tenant shall keep any kerosene, gasoline or other inflammable, explosive or combustible fluid or material utilized or stored in the Premises in fire proof lockers and shall provide MSDS sheets to Landlord regarding any such explosive or combustible fluid or material in accordance with Article 28 of the Lease.
5. Any blinds, shades, awnings or screens installed in the Premises which are visible from the exterior of the Project shall be subject to prior review and approval by Landlord.
6. Tenant shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system by closing window coverings when the sun's rays fall directly on windows of the Premises. Tenant shall not obstruct, alter, or in any way impair the efficient operation of the heating, ventilating and air-conditioning system. Tenant shall participate in recycling programs undertaken by Landlord as part of Landlord's sustainability practices including, without limitation, the sorting and separation of its trash and recycling into such categories as required by such sustainability practices.
7. Tenant shall not, without Landlord's prior written consent, occupy or permit any portion of the Premises to be occupied or used for the manufacture or sale of liquor or tobacco in any form, or a barber or manicure shop, or as an employment bureau. The Premises shall not be used for lodging or sleeping or for any improper, objectionable or immoral purpose. No auction shall be conducted on the Premises.
8. Tenant shall not make, or permit to be made, any unseemly or disturbing noises, or disturb or interfere with neighboring buildings or premises or those having business with it by the use of any musical instrument, radio, phonographs or unusual noise, or in any other way.
9. No bicycles, vehicles or animals of any kind shall be brought into or kept in or about the Premises, and no cooking shall be done or permitted by any tenant in the Premises, except that the preparation of coffee, tea, hot chocolate and similar items for tenants, their employees and visitors shall be permitted. No tenant shall cause or permit any unusual or objectionable odors to be produced in or permeate from or throughout the Premises. The foregoing notwithstanding, Tenant shall have the right to use a microwave and to heat microwavable items typically heated in an office. No hot plates, toasters, toaster ovens or similar open element cooking apparatus shall be permitted in the Premises.
10. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in existing locks or the mechanisms thereof unless Landlord is first notified thereof, gives written approval, and is furnished a key therefor. Each tenant must, upon the termination of his tenancy, give to Landlord all keys and key cards of stores, offices, or toilets or toilet rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys so furnished, such tenant shall pay Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change. If more than two keys for one lock are desired, Landlord will provide them upon payment therefor by Tenant. Tenant shall not key or re-key any locks. All locks shall be keyed by Landlord's locksmith only.

EXHIBIT "B"

11. Canvassing, soliciting and peddling in the Development are prohibited and each tenant shall cooperate to prevent the same.
12. Parking.
  - (a) Subject to Landlord's reasonable security requirements, repairs made by Landlord to the Project and Articles 16 and 18 of the Lease, Tenant shall have access to the Project parking facility twenty-four (24) hours per day, seven (7) days per week throughout the Term.
  - (b) Automobiles must be parked entirely within the stall lines on the floor.
  - (c) All directional signs and arrows must be observed.
  - (d) The speed limit shall be 5 miles per hour.
  - (e) Parking is prohibited in areas not striped for parking.
  - (f) Landlord (and its operator) may refuse to permit any person who violates the within rules to park in the Project parking facility, and any violation of the rules shall subject the automobile to removal from the Project parking facility at the parker's expense.
  - (g) Project parking facility managers or attendants are not authorized to make or allow any exceptions to these Rules and Regulations.
  - (h) All responsibility for any loss or damage to automobiles or any personal property therein is assumed by the parker.
  - (i) The parking facilities are for the sole purpose of parking one automobile per space. Washing, waxing, cleaning or servicing of any vehicles by the parker or his agents is prohibited.
  - (j) Landlord (and its operator) reserves the right to refuse the issuance of monthly stickers or other parking identification devices to any Tenant and/or its employees who refuse to comply with the above Rules and Regulations and all City, State or Federal ordinances, laws or agreements.
  - (k) Tenant agrees to acquaint all employees with these Rules and Regulations.
  - (l) No vehicle shall be stored in the Project parking facility for a period of more than one (1) week.
13. The Project is a non-smoking Project. Smoking or carrying lighted cigars or cigarettes in the Premises or the Project, including the elevators in the Project, is prohibited.
14. Tenant shall not, without Landlord's prior written consent (which consent may be granted or withheld in Landlord's absolute discretion), allow any employee or agent to carry any type of gun or other firearm in or about the Project.

EXHIBIT "B"



**EXHIBIT "C"**

**NOTICE OF TERM DATES  
AND TENANT'S PROPORTIONATE SHARE**

TO: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATE: \_\_\_\_\_

RE: Lease dated \_\_\_\_\_, 20\_\_\_\_, between \_\_\_\_\_ ("Landlord"), and \_\_\_\_\_ ("Tenant"), concerning Suite \_\_\_\_\_, located at \_\_\_\_\_.

Ladies and Gentlemen:

In accordance with the Lease, Landlord wishes to advise and/or confirm the following:

1. That the Premises have been accepted herewith by the Tenant as being substantially complete in accordance with the Lease and that there is no deficiency in construction.
2. That the Tenant has taken possession of the Premises and acknowledges that under the provisions of the Lease the Term of said Lease shall commence as of \_\_\_\_\_ for a term of \_\_\_\_\_ ending on \_\_\_\_\_.
3. That in accordance with the Lease, Basic Rental commenced to accrue on \_\_\_\_\_.
4. If the Commencement Date of the Lease is other than the first day of the month, the first billing will contain a prorata adjustment. Each billing thereafter shall be for the full amount of the monthly installment as provided for in said Lease.
5. Rent is due and payable in advance on the first day of each and every month during the Term of said Lease. Your rent checks should be made payable to \_\_\_\_\_ at \_\_\_\_\_.
6. The exact number of rentable square feet within the Premises is \_\_\_\_\_ square feet.
7. Tenant's Proportionate Share, as adjusted based upon the exact number of rentable square feet within the Premises is 100%.

AGREED AND ACCEPTED:

TENANT:

\_\_\_\_\_  
\_\_\_\_\_

a \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Its: \_\_\_\_\_  
—

**EXHIBIT "D"**

**TENANT WORK LETTER**  
**(Lyell Immuno Pharma, Inc.)**

This Tenant Work Letter shall set forth the terms and conditions relating to the renovation of the tenant improvements in the Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise.

**SECTION 1**

**LANDLORD'S INITIAL CONSTRUCTION IN THE PREMISES**

Landlord has constructed, at its sole cost and expense, the base, shell and core of the Premises (the "**Base, Shell and Core**"). Tenant has inspected and hereby approves the condition of the Premises and the Base, Shell and Core, and agrees that the Premises and the Base, Shell and Core shall be delivered to Tenant in their current "as-is" condition. The renovations to the improvements in the Premises shall be designed and constructed pursuant to this Tenant Work Letter.

**SECTION 2**

**IMPROVEMENTS**

2.1 **Improvement Allowance**. Tenant shall be entitled to (a) a one-time allowance (the "**Improvement Allowance**") in the amount of \$ 1,341,540.00 (based on \$30.00 per rentable square foot of the Premises) for the costs of design and construction of Tenant's improvements which are permanently affixed to the Premises (the "**Improvements**") and the other Improvement Allowance Items described in Section 2.2 below, (b) a one-time allowance (the "**Demolition Allowance**") in the amount of \$268,308.00 (based on \$6.00 per rentable square foot on the Premises) for costs to demolish the existing office improvements within the Project (the "**Demolition Costs**"), and (c) a one-time allowance (the "**Electrical Allowance**") in the amount of \$200,000.00 for costs incurred by Tenant to upgrade the electrical power to the Project ("**Electrical Costs**"). The Improvement Allowance, Demolition Allowance and Electrical Allowance may be collectively referred to herein as the "**Allowances.**" In no event may the Improvement Allowance be used for Demolition Costs or Electrical Costs; in no event may the Demolition Allowance be used for the cost of Improvements or Electrical Costs; and in no event may the Electrical Allowance be used for the cost of Improvements or Demolition Costs. In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Allowances and in no event shall Tenant be entitled to any credit for any portion of the Allowances not used by Tenant by December 31, 2020.

2.2 **Disbursement of the Allowances**. The Improvement Allowances shall be disbursed by Landlord pursuant to Landlord's disbursement process provided below. The Improvement Allowance may be used for costs related to the construction of the Improvements and for the following items and costs (collectively, the "**Improvement Allowance Items**"): (i) payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the review of the "Construction Drawings," as that term is defined in Section 3.1 of this Tenant Work Letter (which may be incurred with respect to specialty Improvements or Improvements that present unique engineering issues); (ii) the cost of permits and construction supervision fees; (iii) the cost of any changes in the Base, Shell and Core required by the Construction Drawings; and (iv) the cost of any changes to the Construction Drawings or Improvements required by applicable building codes (the "**Code**"). However, Landlord shall not charge a fee for supervision, coordination, profit or overhead. During the construction of the Improvements, Landlord shall make monthly disbursements of the Improvement Allowances for the items described in Section 2.1 above and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.1 **Monthly Disbursements**. Not more often than once a month during the construction of the Improvements, Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by

Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises; (iii) executed conditional mechanic's lien releases from all of Tenant's Agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of Washington law; and (iv) all other information necessary to confirm payment by Tenant of the costs of the Improvements and/or compliance of the work with the "Approved Working Drawings" (as defined in Section 3.4 below), as reasonably requested by Landlord. Thereafter, Landlord shall deliver a check in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**"), and (B) the balance of any remaining available portion of the applicable Improvement Allowances (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Working Drawings," as that term is defined in Section 3.4 below, or due to any substandard work, or for failure of Tenant to pay the amount due for the work. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2 Final Retention. Subject to the provisions of this Tenant Work Letter, a check for the Final Retention payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with Washington law from all parties supplying labor or materials for the construction of the Improvements in an amount in excess of \$10,000.00, (ii) Landlord has determined that no substandard work exists which adversely affects (a) the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Project (as such utilities and systems are contemplated in the Approved Working Drawings), (b) the curtain wall of the Project, or (c) the structure of the Project and (iii) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Improvements in the Premises has been substantially completed.

2.2.3 Other Terms. Landlord shall only be obligated to make disbursements from the Improvement Allowances to the extent costs are incurred by Tenant for the items described in Section 2.1 above. All Improvements shall be deemed Landlord's property. If the total estimated cost of Improvement Allowance Items exceeds the Improvement Allowance, Tenant shall be required to first fund such excess prior to the commencement of Landlord's obligation to fund the Improvement Allowance and Landlord may require reasonable evidence that Tenant has funded such excess prior to Landlord's disbursement of the Improvement Allowance.

### SECTION 3

#### CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Tenant shall retain an architect/space planner reasonably approved by Landlord (the "**Architect**") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. The following architects/space planners are pre-approved by Landlord: SABArchitects, Perkins+Will, Flad Architects, and CRB Engineers. Tenant shall also retain engineering consultants reasonably approved by Landlord (the "**Engineers**") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC and life safety work of the Improvements. The following engineering consultants are pre-approved: Affiliated Engineers Inc. (AEI), DCI Engineers, KPFF, Fisher Marantz Stone, JGL Acoustics, Santee, Integrated Engineering Services, and Occupational Services Inc. (OSI). Tenant shall require the Engineers to determine that Tenant's contemplated Improvements and equipment will not exceed the floor load of the Premises. The plans and drawings to be prepared by Architect and the Engineers hereunder **shall** be known collectively as the "**Construction Drawings.**" **All** Construction Drawings shall comply with the drawing format and specifications as reasonably determined by Landlord, and shall be subject to Landlord's reasonable approval. Notwithstanding the foregoing or anything to the contrary contained the Lease or this Tenant Work Letter, the "Core TI Components" referenced in Schedule 1 to this Tenant Work Letter attached hereto and incorporated herein, are approved by Landlord and, without limitation, Landlord shall not reject Construction Drawings or portions thereof which are generally consistent with, of logical

EXHIBIT "D"

evolutions or refinements of, the Core TI Components. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

3.2 Space Plan. Tenant and the Architect shall prepare the space plan for Improvements in the Premises (collectively, the: **"Space Plan"**), which Space Plan shall include a preliminary layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver a copy of the Space Plan to Landlord. Landlord shall have the right to review and approve or reasonably disapprove any elements in the Space Plan that are not consistent with, or logical evolutions or refinements of, either the approved Construction Drawings or the Core TI Components; provided that Landlord's approval shall not be unreasonably withheld, conditioned or delayed.

3.3 Working Drawings. Upon receipt of Landlord's approval of the Final Space Plan, Tenant shall cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and the final architectural working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the **"Working Drawings"**) and shall deliver a copy of the Working Drawings to Landlord. Landlord shall have the right to review and approve or reasonably disapprove any elements of the Working Drawings that are not consistent with, or logical evolutions or refinements of, either the approved Space Plan or the Core TI Components; provided that Landlord's approval shall not be unreasonably withheld, conditioned or delayed.

3.4 Permits. The approved Working Drawings shall be delivered to Landlord (the **"Approved Working Drawings"**) prior to the commencement of the construction of the Improvements. Tenant shall cause the Architect to immediately submit the Approved Working Drawings to the appropriate municipal authorities for all applicable building permits necessary to allow "Contractor," as that term is defined in Section 4.1, below, to commence and fully complete the construction of the Improvements (the **"Permits"**). At the written request of Tenant, Landlord shall offer reasonable cooperation with Tenant's permitting efforts, provided the same does not create any liability for Landlord and that reasonable third-party expenses incurred by Landlord in connection therewith (if any) are reimbursed promptly by Tenant after demand from Landlord. No changes, modifications or alterations in the Approved Working Drawings that represent material changes, not consistent with, or logical extensions or refinements of, the elements in plans previously approved by Landlord (or for which no approval was required) or the Core TI Components, may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

#### SECTION 4

#### CONSTRUCTION OF THE IMPROVEMENTS

4.1 Contractor. A general contractor shall be retained by the Tenant to construct the Improvements. Such general contractor (**"Contractor"**) shall be selected by the Tenant and reasonably approved by Landlord. The following general contractors are pre-approved by Landlord: BNBuilders, Skanska, Lease Crutcher Lewis, and DPR.

4.2 Tenant's Agents. All subcontractors, laborers, materialmen, and suppliers used by the Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as **"Tenant's Agents"**) must be reasonably approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed. If Landlord does not approve any of the Tenant's proposed subcontractors, laborers, materialmen or suppliers, the Tenant shall submit other proposed subcontractors, laborers, materialmen or suppliers for Landlord's written reasonable approval.

EXHIBIT "D"

4.3 Construction of Improvements by Contractor. The Tenant shall independently retain, in accordance with Section 4.1 above, Contractor to construct the Improvements in accordance with the Approved Working Drawings. Tenant, the Contractor and all of Tenant's Agents shall abide by Landlord's construction rules and regulations.

4.4 Indemnification & Insurance.

4.4.1 Indemnity. Tenant's indemnity of Landlord as set forth in Article 13 of the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Tenant's design and construction of the Improvements.

4.4.2 Requirements of Tenant's Agents. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. All such warranties or guarantees as to materials or workmanship of or with respect to the Improvements shall be contained in the contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either; provided, however, that Landlord agrees not to enforce any such guarantees and warranties unless the Lease has been terminated due to an Event of Default. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.4.3 Insurance Requirements.

4.4.3.1 General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 14 of this Lease.

4.4.3.2 Special Coverages. Prior to commencement of construction, Tenant shall provide Landlord with a copy of the "Builder's All Risk" insurance policy covering the construction of the Improvements. Prior to commencement of construction, Tenant shall provide Landlord with a copy of the Tenant's construction contract with the Contractor and a certificate of Tenant's Builders All-Risk coverage.

4.4.3.3 General Terms. Certificates for all insurance carried pursuant to this Section 4.4.3 shall be delivered to Landlord before the commencement of construction of the Improvements and before the Contractor's equipment is moved onto the site. In the event that the Improvements are damaged by any cause during the course of the construction thereof. Tenant shall repair the same at no cost and expense to Landlord.

SECTION 5

MISCELLANEOUS

5.1 Tenant's Representative. The Tenant has designated Geoff Quinn and Eric Westover as its representatives with respect to the matters set forth in this Tenant Work Letter, each of whom, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 Landlord's Representative. Landlord has designated Lisa Foyston as its representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to the Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

EXHIBIT "D"

**SCHEDULE 1 TO TENANT WORK LETTER**  
**CORE TI COMPONENTS**

Tenant improvements, at a minimum, are expected to include the following scope\*:

- Comprehensive utility infrastructure upgrade including; new air handlers, chillers, boilers, exhaust fans, and associated HVAC equipment, new emergency generators, UPS's, and switchgear, bulk LN2 and compressed gas manifolds and distribution, and new central building management system (BMS).
- Installation of internal mezzanines/platforms required to support installation of new utilities, including all necessary structural modifications to existing slab and/or structure.
- Buildout of cleanrooms and support spaces necessary to conduct Lyell's manufacturing operations, including lockers, corridors, airlocks, and processing suites.
- Buildout of testing and development laboratories.
- Buildout of warehousing, shipping/receiving, and storage areas, including any necessary cold rooms, warm rooms, and controlled environments
- Buildout of office and administration spaces, including conference rooms, lobbies, break rooms, and lounges.
- Installation of security system(s), including access control and badging, CCTV/security cameras, and alarms.

\* As indicated in Section 9(e) of the Lease, Landlord will specify, at the time of Landlord's consent to Working Drawings, which items must be removed by Tenant from the Premises upon the expiration or earlier termination of the Lease.

SCHEDULE 1 TO TENANT WORK LETTER

**EXHIBIT "E"**  
**PARKING STALLS**



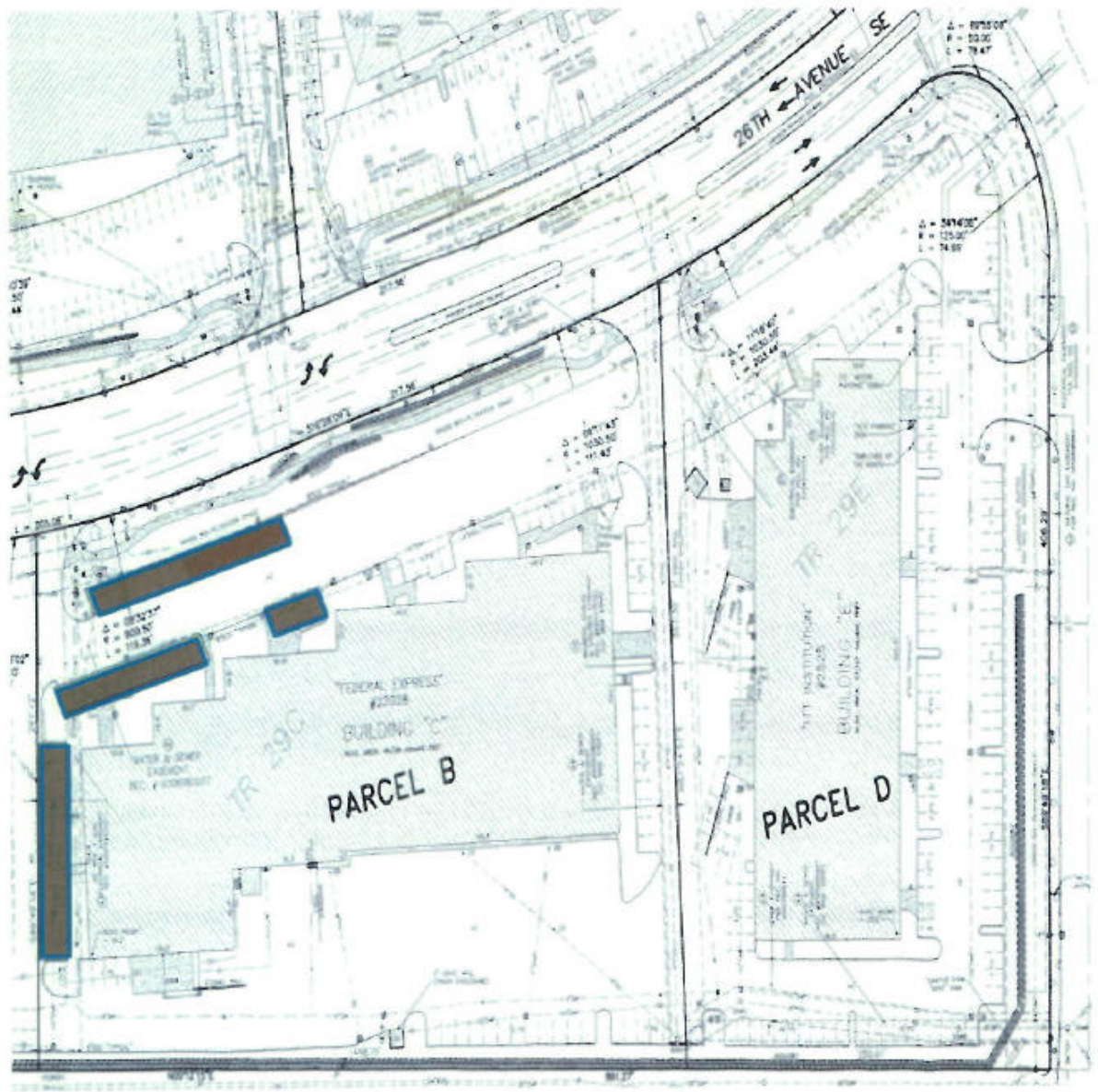


EXHIBIT "E"  
2



**STANDARD OFFICE LEASE**

**BY AND BETWEEN**

**BRE WA OFFICE OWNER LLC,  
a Delaware limited liability company,**

**AS LANDLORD,**

**AND**

**LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation,**

**AS TENANT**

**Canyon Park East, Building E**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I BASIC LEASE PROVISIONS	1
ARTICLE 2 TERM/PREMISES	2
ARTICLE 3 RENTAL	2
(a) Basic Rental	2
(b) Direct Costs	2
(c) Definitions	3
(d) Determination of Payment	4
(e) Audit Right	5
ARTICLE 4 SECURITY DEPOSIT	5
ARTICLE 5 HOLDING OVER	6
ARTICLE 6 OTHER TAXES	6
ARTICLE 7 USE	7
ARTICLE 8 CONDITION OF PREMISES	7
ARTICLE 9 REPAIRS AND ALTERATIONS	7
(a) Landlord's Obligations	7
(b) Tenant's Obligations	7
(c) Alterations	8
(d) Insurance; Liens	8
(e) Costs and Fees; Removal	9
(f) Security System	9
(g) Generator; Utility Plant	9
ARTICLE 10 LIENS	10
ARTICLE 11 PROJECT SERVICES	10
(a) Basic Services	10
(b) Telecommunications	10
ARTICLE 12 RIGHTS OF LANDLORD	11
(a) Right of Entry	11
(b) Rooftop	11
ARTICLE 13 INDEMNITY; EXEMPTION OF LANDLORD FROM LIABILITY	12
(a) Indemnity	12
(b) Exemption of Landlord from Liability	12
(c) Security	13
ARTICLE 14 INSURANCE	13
(a) Tenant's Insurance	13
(b) Form of Policies	14
(c) Landlord's Insurance	14
(d) Waiver of Subrogation	14
(e) Compliance with Insurance Requirements	14
ARTICLE 15 ASSIGNMENT AND SUBLETTING	15
ARTICLE 16 DAMAGE OR DESTRUCTION	16
ARTICLE 17 SUBORDINATION	17
ARTICLE 18 EMINENT DOMAIN	18
ARTICLE 19 DEFAULT	18

**TABLE OF CONTENTS (cont.)**

	<b><u>Page</u></b>	
ARTICLE 20	REMEDIES	19
ARTICLE 21	TRANSFER OF LANDLORD'S INTEREST	20
ARTICLE 22	BROKER	20
ARTICLE 23	PARKING	20
ARTICLE 24	WAIVER	21
ARTICLE 25	ESTOPPEL CERTIFICATE	21
ARTICLE 26	LIABILITY OF LANDLORD	22
ARTICLE 27	INABILITY TO PERFORM	22
ARTICLE 28	HAZARDOUS WASTE	22
ARTICLE 29	SURRENDER OF PREMISES; REMOVAL OF PROPERTY	23
ARTICLE 30	MISCELLANEOUS	24
	(a) SEVERABILITY; ENTIRE AGREEMENT	24
	(b) Attorneys' Fees; Waiver of Jury Trial	25
	(c) Time of Essence	25
	(d) Headings; Joint and Several	25
	(e) NO OPTION	25
	(f) Rules and Regulations	25
	(g) Quiet Possession	26
	(h) Rent	26
	(i) Successors and Assigns	26
	(j) Notices	26
	(k) Right of Landlord to Perform	26
	(l) Signing Authority	27
	(m) Identification of Tenant	27
	(n) Governing Law	27
	(o) Office of Foreign Assets Control	27
	(p) Financial Statements	27
	(q) Exhibits	27
	(r) Independent Covenants	27
	(s) Counterparts	28
	(t) Building C Lease	28
ARTICLE 31	OPTIONS TO EXTEND	28
	(a) Option Rights	28
	(b) Option Rent	28
	(c) Exercise of Options	28
	(d) Determination of Market Rent	28
ARTICLE 32	SIGNAGE	29

**LIST OF EXHIBITS**

Exhibit "A"	Premises
Exhibit "A-1"	Legal Description of Real Property
Exhibit "B"	Rules and Regulations
Exhibit "C"	Notice of Term Dates and Tenant's Proportionate Share
Exhibit "D"	Tenant Work Letter
Exhibit "E"	Parking Stalls

## INDEX

	<u>Page(s)</u>
Abated Rent Amount	2
Additional Rent	2
Affiliate	16
Affiliated Assignee	16
Alterations	8
Approved Working Drawings	<i>Exhibit D</i>
Architect	<i>Exhibit D</i>
Base, Shell and Core	<i>Exhibit D</i>
Basic Rental	1
Brokers	1
Building C Lease	28
Building C Premises	28
Claims	12
Code	<i>Exhibit D</i>
Commencement Date	1
Construction Drawings	<i>Exhibit D</i>
Contractor	<i>Exhibit D</i>
Control	16
Development	1
Direct Costs	3
Dispute Notice	5
Engineers	<i>Exhibit D</i>
Equipment Notice	11
Estimate	4
Estimate Statement	4
Event of Default	18
Exit Survey	24
Expiration Date	1
Final Retention	<i>Exhibit D</i>
Force Majeure	22
Generator/Utility Plant	9
Hazardous Material	23
Hazardous Materials Documents	23
Improvement Allowance	<i>Exhibit D</i>
Improvement Allowance Items	<i>Exhibit D</i>
Improvements	<i>Exhibit D</i>
Initial Installment of Basic Rental	1
Interest Notice	28
Lab Space	24
Landlord	1
Landlord Default	20
Landlord Parties	12
Laws	23
Lease	1
Letter of Credit	1
Market Rent	28
Minor Alterations	8
Operating Costs	3
Option Rent	28
Option Rent Notice	28
Option Term	28
Options	28
Original Tenant	28
Outside Agreement Date	29
Parking Passes	1
Permits	<i>Exhibit D</i>
Permitted Use	1
Premises	1
Preventative Maintenance Records	8
Project	1
Real Property	1

	<u>Page(s)</u>
Rent	3
Rental Tax	3
Repair Opinion	16
Review Notice	5
Review Period	5
Rules and Regulations	25
Service Contracts	8
Signage	29
Signage Specifications	29
SNDA	17
Space Plan	<i>Exhibit D</i>
Specialized Systems	8
Square Footage of Premises	1
Statement.	4
Tax Costs	3
Tenant	1
Tenant Equipment	11
Tenant Improvements	7
Tenant's Acceptance	28
Tenant's Agents	<i>Exhibit D</i>
Tenant's Proportionate Share	1
Term	1
Transfer	15
Transfer Premium	15
Transferee	15
Working Drawings	<i>Exhibit D</i>

**STANDARD OFFICE LEASE**

This Standard Office Lease (“**Lease**”) is made and entered into as of August 28, 2019, by and between BRE WA OFFICE OWNER LLC, a Delaware limited liability company (“**Landlord**”), and LYELL IMMUNOPHARMA, INC., a Delaware corporation (“**Tenant**”).

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises as designated on the floor plan attached hereto and incorporated herein as Exhibit “A” (“**Premises**”), of the project (“**Project**”) known as Building E and the surrounding exterior area, whose address is 2525 223<sup>rd</sup> Street SE, Bothell, Washington 98021, and located upon the real property (“**Real Property**”) described on Exhibit “A-1”. The Project is part of a multi-building development known as Canyon Park East (**the “Development”**). This Lease shall be for the Term and upon the terms and conditions hereinafter set forth, and Landlord and Tenant hereby agree as follows:

**ARTICLE 1**  
**BASIC LEASE PROVISIONS**

- A. Term:** 124 full calendar months.  
**Commencement Date:** February 1, 2020.  
**Expiration Date:** May 31, 2030.
- B. Square Footage of Premises:** 27,800 rentable square feet.
- C. Basic Rental:**

<u>Months</u>	<u>Annual Basic Rental</u>	<u>Monthly Basic Rental</u>	<u>Annual Basic Rental Per Rentable Square Foot</u>
1 - 16	\$486,500.00	\$40,541.67	\$ 17.50*
17 - 28	\$501,095.00	\$41,757.92	\$ 18.03
29 - 40	\$516,127.85	\$43,010.65	\$ 18.57
41 - 52	\$531,611.68	\$44,300.97	\$ 19.12
53 - 64	\$547,560.03	\$45,630.00	\$ 19.70
65 - 76	\$563,986.83	\$46,968.90	\$ 20.29
77 - 88	\$580,906.43	\$48,408.87	\$ 20.90
89 - 100	\$598,333.62	\$49,861.13	\$ 21.52
101 - 112	\$616,283.62	\$51,356.97	\$ 22.17
113 - 124	\$634,772.12	\$52,897.67	\$ 22.83

\* Subject to abatement as provided in Section 3(a) below.

- D. Tenant’s Proportionate Share:** 100%
- E. Security Deposit:** \$385,145.86, which is subject to reduction in accordance with Article 4 below.
- F. Permitted Use:** General office use and, to the extent permitted by law, biotech manufacturing, scientific laboratory, and warehouse use.
- G. Brokers:** Broderick Group (for Landlord) and Flinn Ferguson Cresa (for Tenant).
- H. Parking:** Tenant shall be entitled to use the parking stalls outlined on Exhibit “E,” upon the terms and conditions provided in Article 23 hereof.
- I. Initial Installment of Basic Rental:** The fifth (5<sup>th</sup>) full calendar month’s Basic Rental in the amount of \$40,541.67 shall be due and payable by Tenant to Landlord upon Tenant’s execution of this Lease.

**ARTICLE 2**  
**TERM/PREMISES**

The Term of this Lease shall commence on the Commencement Date as set forth in Article 1.A. of the Basic Lease Provisions and shall end on the Expiration Date set forth in Article 1.A. of the Basic Lease Provisions. Landlord shall deliver possession of the Premises to Tenant for Tenant's construction of Improvements therein in accordance with the Tenant Work Letter attached hereto as Exhibit "D" upon full execution and delivery of this Lease. Landlord and Tenant hereby stipulate that the Premises contains the number of square feet specified in Article 1.B. of the Basic Lease Provisions, except that the rentable and usable square feet of the Premises and the Project are subject to verification from time to time by Landlord's architect/space planner. In the event that Landlord's architect/space planner determines that the amounts thereof shall be different from those set forth in this Lease, all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect amount (including, without limitation, the amount of the Basic Rental, Tenant's Proportionate Share and the Improvement Allowance) shall be modified in accordance with such determination. If such determination is made, it will be confirmed in writing by Landlord to Tenant. Landlord may deliver to Tenant a Commencement Letter in a form substantially similar to that attached hereto as Exhibit "C", which Tenant shall execute and return to Landlord within thirty (30) days of receipt thereof. Failure of Tenant to timely execute and deliver the Commencement Letter shall constitute acknowledgment by Tenant that the statements included in such notice are true and correct, without exception.

**ARTICLE 3**  
**RENTAL**

(a) **Basic Rental.** Tenant agrees to pay to Landlord during the Term hereof, at Landlord's office or to such other person or at such other place as directed from time to time by written notice to Tenant from Landlord, the monthly and annual sums as set forth in Article 1.C. of the Basic Lease Provisions, payable in advance on the first (1<sup>st</sup>) day of each calendar month, without demand, setoff or deduction, and in the event this Lease commences or the date of expiration of this Lease occurs other than on the first (1<sup>st</sup>) day or last day of a calendar month, the rent for such month shall be prorated. Notwithstanding anything to the contrary contained herein and provided that Tenant is not in default of this Lease, Landlord hereby agrees to abate Tenant's obligation to pay monthly Basic Rental for the first four (4) full calendar months of the initial Lease Term. During such abatement period, Tenant shall still be responsible for the payment of all of its other monetary obligations under this Lease. In the event of a default by Tenant under the terms of this Lease that results in early termination pursuant to the provisions of Section 20(a) of this Lease, then as a part of the recovery set forth in Article 20 of this Lease, Landlord shall be entitled to the recovery of the monthly Basic Rental that was abated under the provisions of this Section 3(a). The amount of Basic Rental to be abated pursuant to this Section 3(a) above may be referred herein as "**Abated Rent Amount.**" Notwithstanding the foregoing or anything to contrary contained herein, upon written notice to Tenant, Landlord shall have the option to purchase all or any portion of Tenant's Abated Rent Amount by paying such amount to Tenant, in which case the amount so paid to Tenant shall nullify an equivalent amount of abatement of Tenant's Basic Rental as to the period so designated by Landlord in Landlord's written notice to Tenant. In addition, notwithstanding the foregoing, the fifth (5<sup>th</sup>) full month's Basic Rental shall be paid to Landlord in accordance with Article 1.I. of the Basic Lease Provisions and, if the Commencement Date is not the first day of a month, Basic Rental and Rental Tax for the partial month commencing as of the Commencement Date shall be prorated based upon the actual number of days in such month and shall be due and payable upon the Commencement Date.

(b) **Direct Costs.** Tenant shall pay an additional sum for each calendar year equal to the product of the percentage set forth in Article 1.D. of the Basic Lease Provisions multiplied by the amount of "Direct Costs" for such year. In the event this Lease shall terminate on any date other than the last day of a calendar year, the additional sum payable hereunder by Tenant during the calendar year in which this Lease terminates shall be prorated on the basis of the relationship which the number of days which have elapsed from the commencement of said calendar year to and including said date on which this Lease terminates bears to three hundred sixty five (365). Any and all amounts due and payable by Tenant pursuant to this Lease (other than Basic Rental) shall be deemed "**Additional Rent**" and Landlord shall be entitled to exercise the same rights and remedies upon default in these payments as Landlord is entitled to exercise with respect to defaults in monthly Basic Rental payments. Any and all amounts due and payable by Tenant to Landlord shall be in the form of (i) business checks, (ii) wire transfers, (iii) electronic funds transfers, and (iv) automated clearing house payments. Any other forms of payment are not acceptable to

Landlord including, without limitation (1) cash or currency, (2) cashier's checks and money orders, (3) traveler's checks, (4) payments from credit unions or other non-bank financial institutions, (5) multiple payments for one (1) scheduled payment, and (6) third party checks. Basic Rental and Additional Rent may be collectively referred to herein as "**Rent**". At the same time as any payment of Rent is to be made by Tenant hereunder, Tenant shall also pay any and all rental taxes, gross receipts taxes, transaction privilege taxes, sales taxes, and/or similar taxes levied currently or in the future on the Rent amount then due or otherwise assessed in connection with the rental activity then occurring (collectively, "**Rental Tax**").

(c) Definitions. As used herein the term "**Direct Costs**" shall mean the sum of the following:

(i) "**Tax Costs**", which shall mean any and all real estate taxes and other similar charges on real property or improvements, assessments, water and sewer charges, and all other charges assessed, reassessed or levied upon the Project and appurtenances thereto and the parking or other facilities thereof, or the Real Property or attributable thereto or on the rents, issues, profits or income received or derived therefrom which are assessed, reassessed or levied by the United States, the State of Washington, any applicable county within the State of Washington, any applicable city, town or other local government authority within the State of Washington, and/or any other agency or political subdivision of the State of Washington, and shall include Landlord's reasonable legal fees, costs and disbursements incurred in connection with proceedings for reduction of Tax Costs or any part thereof; provided, however, if at any time after the date of this Lease the methods of taxation now prevailing shall be altered so that in lieu of or as a supplement to or a substitute for the whole or any part of any Tax Costs, there shall be assessed, reassessed or levied (a) a tax, assessment, reassessment, levy, imposition or charge wholly or partially as a net income, capital or franchise levy or otherwise on the rents, issues, profits or income derived therefrom, or (b) a tax, assessment, reassessment, levy (including but not limited to any municipal, State or federal levy), imposition or charge measured by or based in whole or in part upon the Real Property and imposed upon Landlord, then except to the extent such items are payable by Tenant under Article 6 below, such taxes, assessments, reassessments or levies or the part thereof so measured or based, shall be deemed to be included in the term "Direct Costs."

(ii) "**Operating Costs**", which shall mean all costs and expenses incurred by Landlord in connection with the maintenance, operation, replacement, and repair of the Project including, without limitation, the landscaped and common areas and the parking areas and facilities of the Project. Operating Costs shall include but not be limited to, salaries, wages, and benefits for all persons who perform duties connected with the operation, maintenance and repair of the Project including gardening, security, parking, operating engineer, elevator, painting, plumbing, electrical, carpentry, heating, ventilation, air conditioning and window washing, provided the same are equitably prorated for personnel who are not exclusively serving the Project; hired services; the actual rental expense of personal property used in the maintenance, operation and repair of the Project; accountant's fees incurred in the preparation of rent adjustment statements; legal fees; real estate tax consulting fees; personal property taxes on property used in the maintenance and operation of the Project; fees, costs, expenses or dues payable pursuant to the terms of any covenants, conditions or restrictions or owners' association pertaining to the Project; capital expenditures incurred to effect economies of operation of, or stability of services to, the Project and capital expenditures required by government regulations, laws, or ordinances including, but not limited to the Americans with Disabilities Act; provided, however, that capital expenditures included in Operating Costs shall be amortized (with interest at ten percent (10%) per annum) over its useful life; the cost of all charges for electricity, gas, water and other utilities furnished to the Project (to the extent such charges are not separately paid for by Tenant under Article 11 below), and any taxes thereon; the cost of all charges for insurance in connection with the Project carried by Landlord; the cost of all building and cleaning supplies and materials; the cost of all charges for service contracts and other services with independent contractors and administration fees; a property management fee (which fee may be imputed if Landlord has internalized management or otherwise acts as its own property manager) not to exceed 2% of the annual revenues from the Project per year (disregarding abatement) and license, permit and inspection fees relating to the Project.

Notwithstanding the foregoing or anything to the contrary herein, Operating Costs do not include the following: (a) the original construction costs of the Project and renovations performed prior to the date of this Lease and costs of correcting defects in such original construction or renovations; (b) capital expenditures, except as expressly permitted in the prior paragraph; (c) interest (except as expressly permitted in the prior paragraph), principal payments of a mortgage,



debts of Landlord, financing costs and amortization of funds borrowed by Landlord, whether secured or unsecured; (d) depreciation of the Project; (e) advertising, legal and space planning expenses and leasing commissions and other costs and expenses incurred in procuring and leasing space to other tenants, including any leasing office maintained in the Development, free rent and construction allowances for tenants; (f) legal and other expenses incurred in the negotiation or enforcement of leases; (g) completing, fixturing, improving, renovating, painting, redecorating or other work, which Landlord pays for or performs for other tenants within their premises, and costs of correcting defects in such work; (h) costs to be reimbursed by other tenants of the Development outside of Operating Costs or Tax Costs to be paid directly to the applicable governmental authority by Tenant or other tenants; (i) salaries, wages, benefits and other compensation paid to officers and employees of Landlord who are not assigned in whole or in part to the operation, management, maintenance or repair of the Project; (j) general organizational, administrative and overhead costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, including general corporate, legal and accounting expenses; (k) costs (including attorneys' fees and costs of settlement, judgments and payments in lieu thereof) incurred in connection with disputes with tenants, other occupants, or prospective tenants, and costs and expenses, including legal fees, incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees; (l) costs incurred by Landlord due to the violation by Landlord, its employees, agents or contractors, or any tenant of the terms and conditions of any lease; (m) except to the extent Tenant is delinquent in payment of Tax Costs, penalties, fines or interest incurred as a result of Landlord's inability or failure to make payment of Tax Costs and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of taxes or assessments required to be made by Landlord hereunder before delinquency; (n) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Project to the extent the same exceeds the amount which would generally be expected to be the cost of such services rendered by comparably qualified unaffiliated third parties; (o) costs of Landlord's charitable or political contributions, or the acquisition or leasing of fine art maintained at the Project; (p) costs in connection with services (including electricity), items or other benefits of a type which are not available to Tenant without specific charges therefor (other than Operating Cost charges), but which are provided to another tenant or occupant of the Development, whether or not such other tenant or occupant is specifically charged therefor by Landlord; (q) costs incurred in the sale or refinancing of the Project or a portion thereof; (r) net income taxes of Landlord or the owner of any interest in the Project, franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Project or any portion thereof or interest therein; (s) any costs incurred to remove, study, test or remediate Hazardous Materials in or about the Project for which Tenant is not responsible under this Lease; (t) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by insurance policies maintained by Landlord or by third parties; (u) reserves (other than de minimus amounts); and (v) costs arising from the gross negligence or willful misconduct of Landlord.

(d) Determination of Payment.

(i) Landlord shall give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Costs for the then-current calendar year shall be and Tenant's Proportionate Share thereof. Tenant shall pay, with its next installment of monthly Basic Rental due, a fraction of the Estimate for the then-current calendar year (reduced by any amounts paid pursuant to the last sentence of this Section 3(d)(i)). Such fraction shall have as its numerator the number of months which have elapsed in such current calendar year to the month of such payment, both months inclusive, and shall have twelve (12) as its denominator. Until a new Estimate Statement is furnished, Tenant shall pay monthly, with the monthly Basic Rental installments, an amount equal to one-twelfth (1/12) of the total Estimate set forth in the previous Estimate Statement delivered by Landlord to Tenant.

(ii) In addition, Landlord shall give to Tenant as soon as reasonably practicable following the end of each calendar year, a statement (the "**Statement**") which shall state the Direct Costs incurred or accrued for such preceding calendar year, and which shall indicate the amount of Tenant's Proportionate Share thereof. Upon receipt of the Statement for each calendar year during the Term, Tenant shall pay, with its next installment of monthly Basic Rental due, the full amount of Tenant's Proportionate Share of Direct Costs such calendar year, less the amounts, if any, paid during such calendar year on an estimated basis. If, however, the Statement indicates that amounts paid by Tenant on an estimated basis are greater than the actual amount of Tenant's Proportionate Share of Direct Costs specified on the Statement, such overpayment shall be credited

against Tenant's next installments of estimated payments. The failure of Landlord to timely furnish the Statement for any calendar year shall not prejudice Landlord from enforcing its rights under this Article 3, once such Statement has been delivered. Even though the Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Proportionate Share of the Direct Costs for the calendar year in which this Lease terminates, Tenant shall immediately pay to Landlord an amount as calculated pursuant to the provisions of this Section 3(d). The provisions of this Section 3(d)(ii) shall survive the expiration or earlier termination of the Term.

(iii) Because the Project is a part of a multi-building Development, those Direct Costs attributable to such Development as a whole (and not attributable solely to any individual building therein) shall be allocated by Landlord to the Project and to the other buildings within such Development on an equitable basis; provided, however, the principles set forth in the second paragraph of Section 3(c)(ii), as applied to the Development and portions thereof, shall apply to and, to the extent applicable, shall limit such allocations.

(e) **Audit Right.** Within one hundred twenty (120) days after receipt of a Statement by Tenant ("**Review Period**"), if Tenant disputes the amount set forth in the Statement, Tenant's employees or an independent certified public accountant (which accountant is a member of a nationally or regionally recognized accounting firm and is not retained on a contingency fee basis), designated by Tenant, may, after reasonable notice to Landlord ("**Review Notice**") and at reasonable times, inspect Landlord's records at Landlord's offices, provided that Tenant is not then in default after expiration of all applicable cure periods and provided further that Tenant and such accountant or representative shall, and each of them shall use their commercially reasonable efforts to cause their respective agents and employees to, maintain all information contained in Landlord's records in strict confidence. Notwithstanding the foregoing, Tenant shall only have the right to review Landlord's records one (1) time during any twelve (12) month period. If after such inspection, but within thirty (30) days after the Review Period, Tenant notifies Landlord in writing ("**Dispute Notice**") that Tenant still disputes such amounts, a certification as to the proper amount shall be made in accordance with Landlord's standard accounting practices, at Tenant's expense, by an independent certified public accountant who is a member of a nationally or regionally recognized accounting firm and is selected by Landlord and reasonably approved by Tenant. Tenant's failure to deliver the Review Notice within the Review Period or to deliver the Dispute Notice within thirty (30) days after the Review Period shall be deemed to constitute Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement. If Tenant timely delivers the Review Notice and the Dispute Notice, Landlord shall cooperate in good faith with Tenant and the accountant to show Tenant and the accountant the information upon which the certification is to be based. However, if such certification by the accountant proves that the Direct Costs set forth in the Statement were overstated by more than five percent (5%), then the cost of the accountant and the cost of such certification shall be paid for by Landlord. Promptly following the parties receipt of such certification, the parties shall make such appropriate payments or reimbursements, as the case may be, to each other, as are determined to be owing pursuant to such certification. Tenant agrees that this section shall be the sole method to be used by Tenant to dispute the amount of any Direct Costs payable by Tenant pursuant to the terms of this Lease, and Tenant hereby waives any other rights at law or in equity relating thereto.

#### **ARTICLE 4** **SECURITY DEPOSIT**

Tenant has deposited or concurrently herewith is depositing with Landlord the sum set forth in Article 1.F. of the Basic Lease Provisions as security for the full and faithful performance of every provision of this Lease to be performed by Tenant. If Tenant is in default of any provision of this Lease, including but not limited to the payment of rent, Landlord may use all or any part of this security deposit for the payment of any rent or any other sums in default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within ten (10) business days after written demand therefor, deposit funds with Landlord in a form acceptable under Section 3(b) above and in an amount sufficient to restore the security deposit to its full amount. Tenant agrees that Landlord shall not be required to keep the security deposit in trust, segregate it or keep it separate from Landlord's general funds, but Landlord may commingle the security deposit with its general funds and Tenant shall not be entitled to interest on such deposit. Notwithstanding anything to the contrary contained herein, if Tenant, at the expiration of the first, second, third and fourth anniversaries of the Commencement Date is not in default of any of its obligations under

this Lease, Landlord shall reduce the amount of the security deposit by \$77,029.17 in each such instance and Landlord shall apply such amounts against Tenant's next monthly Basic Rental obligations which become due. At the expiration of the Term, and provided there exists no default by Tenant hereunder, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to Tenant's last assignee"), provided that subsequent to the expiration of this Lease, Landlord may retain from said security deposit (i) an amount reasonably estimated by Landlord to cover potential Direct Cost reconciliation payments due with respect to the calendar year in which this Lease terminates or expires (such amount so retained shall not, in any event, exceed ten percent (10%) of estimated Direct Cost payments due from Tenant for such calendar year through the date of expiration or earlier termination of this Lease and any amounts so retained and not applied to such reconciliation shall be returned to Tenant within thirty (30) days after Landlord's delivery of the Statement for such calendar year), (ii) any and all amounts reasonably estimated by Landlord to cover the anticipated costs to be incurred by Landlord to remove any signage provided to Tenant under this Lease, to remove cabling and other items required to be removed by Tenant under Article 29 below and to repair any damage caused by such removal (in which case any excess amount so retained by Landlord shall be returned to Tenant within thirty (30) days after such removal and repair), and (iii) any and all amounts permitted by law or this Article 4. Tenant hereby waives any provisions of law, now or hereafter in effect, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 4 above, and all of Landlord's damages under this Lease and Washington law including, but not limited to, any damages accruing upon termination of this Lease.

**ARTICLE 5**  
**HOLDING OVER**

Should Tenant, without Landlord's written consent, hold over after termination of this Lease, Tenant shall, at Landlord's option, become either a tenant at sufferance or a month-to-month tenant upon each and all of the terms herein provided as may be applicable to such a tenancy and any such holding over shall not constitute an extension of this Lease. During such holding over, Tenant shall pay in advance, monthly, Basic Rental at a rate equal to one hundred and fifty percent (150%) of the rate in effect for the last month of the Term of this Lease, in addition to, and not in lieu of, all other payments required to be made by Tenant hereunder including but not limited to Tenant's Proportionate Share of Direct Costs. Nothing contained in this Article 5 shall be construed as consent by Landlord to any holding over of the Premises by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or earlier termination of the Term. If Tenant fails to surrender the Premises upon the expiration or termination of this Lease, Tenant agrees to indemnify, defend and hold Landlord harmless from and against all costs, loss, expense or liability suffered by Landlord as a result of Tenant's non-consensual holdover, including without limitation, losses resulting from claims made by any succeeding tenant and real estate brokers claims and attorney's fees and costs.

**ARTICLE 6**  
**OTHER TAXES**

Tenant shall pay, prior to delinquency, all taxes assessed against or levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant located in the Premises. In the event any or all of Tenant's trade fixtures, furnishings, equipment and other personal property shall be assessed and taxed with property of Landlord and, as a result, real property taxes for the Project are increased, Tenant shall pay to Landlord, within thirty (30) days after delivery to Tenant by Landlord of a written statement setting forth such amount, the amount of such taxes applicable to Tenant's property or above-standard improvements. Tenant shall assume and pay to Landlord at the time Basic Rental next becomes due (or if assessed after the expiration of the Term, then within ten (10) days), any excise, sales, use, rent, occupancy, garage, parking, gross receipts or other taxes (other than net income taxes) which may be assessed against or levied upon Landlord on account of the letting of the Premises or the payment of Basic Rental or any other sums due or payable hereunder, and which Landlord may be required to pay or collect under any law now in effect or hereafter enacted. In addition to Tenant's obligation pursuant to the immediately preceding sentence, Tenant shall pay directly to the party or entity entitled thereto all business license fees, gross receipts taxes and similar taxes and impositions which may from time to time be assessed against or levied upon Tenant, as and when the same become due and before delinquency. Notwithstanding anything to the contrary contained herein, any sums payable by Tenant under this Article 6 shall not be included in the computation of "Tax Costs."

**ARTICLE 7**  
**USE**

Tenant shall use and occupy the Premises only for the use set forth in Article 1.F. of the Basic Lease Provisions and shall not use or occupy the Premises or permit the same to be used or occupied for any other purpose without the prior written consent of Landlord, which consent may be given or withheld in Landlord's sole and absolute discretion, and Tenant agrees that it will use the Premises in such a manner so as not to interfere with or infringe upon the rights of other tenants or occupants in the Development. In no event may any portion of the Premises be used for a vivarium. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances, governmental regulations or requirements now in force or which may hereafter be in force relating to or affecting (i) the condition, use or occupancy of the Premises or the Project (excluding structural changes to the Project not related to Tenant's particular use of the Premises, and Hazardous Materials removal or remediation costs, unless such costs are Tenant's responsibility under Article 28 below), and (ii) improvements installed or constructed in the Premises by or for the benefit of Tenant. Tenant shall not do or permit to be done anything which would invalidate any insurance policy covering the Project and/or the property located therein. Tenant shall promptly upon demand reimburse Landlord for any additional premium charges for any such insurance policy assessed or increased by reason of Tenant's failure to comply with the provisions of this Article 7. Tenant shall comply with Landlord's reasonable sustainability practices, provided the same have no material adverse effect on Tenant's use and occupancy of the Premises and do not result in a material increase of Tenant's occupancy costs within the Premises (except that Tenant must comply with any such practices required by law).

**ARTICLE 8**  
**CONDITION OF PREMISES**

Tenant hereby agrees that except as provided in the Tenant Work Letter attached hereto as Exhibit "D" and made a part hereof, or as otherwise expressly provided to the contrary herein, the Premises shall be taken "as is", "with all faults", "without any representations or warranties", and Tenant hereby agrees and warrants that it has investigated and inspected the condition of the Premises and the suitability of same for Tenant's purposes, and Tenant does hereby waive and disclaim any objection to, cause of action based upon, or claim that its obligations hereunder should be reduced or limited because of the condition of the Premises or the Project or the suitability of same for Tenant's purposes. Tenant acknowledges that neither Landlord nor any agent nor any employee of Landlord has made any representations or warranty with respect to the Premises or the Project or with respect to the suitability of either for the conduct of Tenant's business and Tenant expressly warrants and represents that Tenant has relied solely on its own investigation and inspection of the Premises and the Project in its decision to enter into this Lease and let the Premises in the above-described condition. Nothing contained herein is intended to, nor shall, obligate Landlord to implement sustainability practices for the Project. The Premises shall be initially improved as provided in, and subject to, the Tenant Work Letter attached hereto as Exhibit "D" and made a part hereof. The existing leasehold improvements in the Premises as of the date of this Lease, together with the Improvements (as defined in the Tenant Work Letter) may be collectively referred to herein as the "**Tenant Improvements.**"

**ARTICLE 9**  
**REPAIRS AND ALTERATIONS**

(a) **Landlord's Obligations.** Landlord shall maintain the structural portions of the Project, including the foundation, floor/ceiling slabs, roof, curtain wall, exterior glass, columns, beams, shafts and exterior areas (including parking areas).

(b) **Tenant's Obligations.** Except as expressly provided as Landlord's obligation in this Article 9, Tenant shall keep the Premises in good condition and repair and in compliance with Landlord's sustainability practices including, without limitation, compliance with any LEED rating system (or other certification standard) applicable to the Project on the Commencement Date, if any. Tenant's obligations shall include, without limitation, maintenance, repair and replacement of all systems serving the Premises and such responsibilities of Tenant shall include, without limitation, repair, maintenance and replacement of the sprinkler system (if any), the elevators (if any), plumbing systems, fire/life safety systems and the heating, ventilation and air-conditioning

system and Tenant shall, at Tenant's sole cost and expense, maintain service and maintenance contracts for such systems and shall keep all such systems in good working condition. Tenant's obligations shall also include, without limitation, maintenance and repair of all specialized systems installed by Tenant to serve the Premises such as deionized water systems, water purification, compressed gas distribution, vacuum pumps and air compressors and associated fume hoods and other equipment (collectively, "**Specialized Systems**"). All Specialized Systems shall be maintained, repaired and replaced by Tenant (i) in a commercially reasonable condition consistent with prevailing industry practices, (ii) in accordance with any applicable manufacturer specifications relating to any particular component of such Specialized Systems, (iii) in accordance with applicable Laws. Tenant shall contract with qualified, experienced professional third-party service companies (collectively, "**Service Contracts**") which will provide for routine maintenance of the Specialized Systems on an at least quarterly basis. Tenant shall regularly, in accordance with commercially reasonable standards, generate and maintain preventive maintenance records relating to each Specialized System (collectively, "**Preventative Maintenance Records**"). Upon Landlord's request, Tenant shall deliver a copy of all current Service Contracts to Landlord and/or a copy of the Preventative Maintenance Records. Tenant shall be entitled to enter areas of the Project that are not within the Premises (other than the Third Party Parking Area), for the purpose of performing the maintenance, repair and replacement obligations required of Tenant hereby and any additional maintenance, repairs and replacements that Tenant reasonably deems necessary or advisable in connection with its use of the Premises. All damage or injury to the Premises or the Project resulting from the act or negligence of Tenant, its employees, agents or visitors, guests, invitees or licensees or by the use of the Premises, shall be promptly repaired by Tenant at its sole cost and expense, to the reasonable satisfaction of Landlord; provided, however, that for damage to the Project as a result of casualty, Article 16 below shall apply. Landlord may make any repairs which are not promptly made by Tenant after Tenant's receipt of written notice and the reasonable opportunity of Tenant to make said repair within ten (10) business days from receipt of said written notice, and charge Tenant for the cost thereof, which cost shall be paid by Tenant within thirty (30) days after invoice from Landlord. Tenant shall be responsible for the design and function of all improvements to the Premises, whether or not installed by Landlord at Tenant's request. Tenant waives all rights to make repairs at the expense of Landlord, or to deduct the cost thereof from the rent.

(c) Alterations. Tenant shall make no alterations, installations, changes or additions in or to the Premises or the Project (collectively, "**Alterations**") without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Any Alterations approved by Landlord must be performed in accordance with the terms hereof, using only contractors or mechanics approved by Landlord in writing and upon the approval by Landlord in writing of fully detailed and dimensioned plans and specifications pertaining to the Alterations in question, to be prepared and submitted by Tenant at its sole cost and expense. Tenant shall at its sole cost and expense obtain all necessary approvals and permits pertaining to any Alterations approved by Landlord. Tenant shall cause all Alterations to be performed in a good and workmanlike manner, in conformance with all applicable federal, state, county and municipal laws, rules and regulations, pursuant to a valid building permit, and in conformance with Landlord's construction rules and regulations. If Landlord, in approving any Alterations, specifies a commencement date therefor, Tenant shall not commence any work with respect to such Alterations prior to such date. Tenant hereby agrees to indemnify, defend, and hold Landlord free and harmless from all liens and claims of lien, and all other liability, claims and demands arising out of any work done or material supplied to the Premises by or at the request of Tenant in connection with any Alterations. Notwithstanding anything to the contrary contained herein, Tenant may make Alterations to the Premises (the "**Minor Alterations**"), without Landlord's consent, provided that the aggregate cost of any such Alterations does not exceed \$300,000 in any twelve (12) month period, and further provided that such Alterations do not (i) require any structural modifications to the Premises, (ii) adversely affect the systems and equipment of the Project (including, without limitation, the sprinkler system), or (iii) affect the exterior appearance of the Project. Tenant shall give Landlord at least fifteen (15) days prior notice of such Minor Alterations, which notice shall be accompanied by reasonably adequate evidence that such changes meet the criteria contained in this Section 9(c).

(d) Insurance; Liens. Prior to the commencement of any Alterations, Tenant shall provide Landlord with evidence that Tenant or Tenant's contractor carries "Builder's Risk" insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood that all such Alterations shall be insured by Tenant pursuant to Article 14 of this Lease immediately upon

completion thereof. In addition, Landlord may, in its discretion, require Tenant to deliver evidence of available funds for payment of permitted Alterations with an estimated project cost in excess of the then applicable amount of the security deposit.

(e) Costs and Fees; Removal. If permitted Alterations are made, they shall be made at Tenant's sole cost and expense and shall be and become the property of Landlord upon expiration or termination of this Lease, except that Landlord may, by written notice to Tenant given at the time of Landlord's approval of plans and specifications, require Tenant at Tenant's expense to remove Improvements and other Alterations from the Premises upon expiration or earlier termination of this Lease, and to repair any damage to the Premises and the Project caused by such removal. Any and all costs attributable to or related to the applicable building codes of the city in which the Project is located (or any other authority having jurisdiction over the Project) arising from Tenant's plans, specifications, improvements, Alterations or otherwise shall be paid by Tenant at its sole cost and expense. With regard to repairs, Alterations or any other work arising from or related to this Article 9 (but not the initial Improvements), Landlord shall be entitled to receive an administrative/coordination fee in the amount of 2% of the hard costs of construction of such work (up to a maximum fee of \$15,000 per Alteration) plus any reasonable out-of-pocket third party costs incurred by Landlord, provided that (i) no such fee shall be payable for Minor Alterations, and (ii) for Tenant's installation of equipment, rather than a 2% administrative/coordination fee, Landlord shall be entitled to a reasonable hourly fee based upon the amount of time Landlord's representative must devote to such installation (provided that Landlord shall charge Tenant for the actual cost of Landlord's representative, which costs shall not exceed \$100.00 per hour). The construction of initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 9, except as expressly provided in the first sentence of this Section 9(e).

(f) Security System. Tenant shall be entitled to install, at Tenant's sole cost and expense, a separate security system for the Premises as an Alteration or as a part of the Improvements; provided, however, that the plans and specifications for any such system shall be subject to Landlord's reasonable approval, and any such system must be compatible with the existing systems of the Project. Tenant's obligation to indemnify, defend and hold Landlord harmless as provided in, and subject to, Section 13(a) below shall also apply to Tenant's use and operation of any such system, and the installation of such system shall otherwise be subject to the terms and conditions of this Article 9 or the Tenant Work Letter (as applicable). At Landlord's option, upon the expiration or earlier termination of this Lease, Tenant shall remove such security system and repair any damage to the Premises resulting from such removal. Tenant shall at all times provide Landlord with a contact person who can disarm the security system and who is familiar with the functions of the system in the event of a malfunction, and Tenant shall provide Landlord with the codes or other necessary information required to disarm the system in the event Landlord must enter the Premises.

(g) Generator; Utility Plant. Subject to Landlord's prior approval of all plans and specifications and Tenant's receipt of any applicable governmental permits and approvals and covenants, conditions and restrictions, Tenant may install as an initial Improvement or as an Alteration, at Tenant's sole cost and expense, a back-up generator to service the Premises, which back-up generator may also include a utility plant (which may include a secure area in which utility infrastructure may be located) to service the Premises and/or the Building C Premises (collectively, the "**Generator/Utility Plant**"). Landlord shall cooperate with Tenant, at no additional cost to Landlord, to secure any such required governmental permits and approvals and to enter into any easements, licenses or other agreements approved by Landlord as are necessary or appropriate to facilitate utility services to and from the Generator/Utility Plant for the benefit of the Premises and/or the Building C Premises. Tenant acknowledges that, notwithstanding Landlord's approval of plans and specifications for the Generator/Utility Plant, Landlord has made no representations or warranties to Tenant with respect to the probability of obtaining the necessary governmental permits and approvals nor any approvals required under the covenants, conditions and restrictions. If Tenant does not receive the necessary permits and approvals for the Generator/Utility Plant, Tenant's and Landlord's rights and obligations under the remaining provisions of this Lease shall not be affected. The Generator/Utility Plant must be at a location reasonably approved by Landlord within the Project or within the surrounding exterior area of the Building C Premises. Landlord's consent to the plans and specifications for the Generator/Utility Plant may be conditioned upon Tenant complying with such reasonable requirements imposed by Landlord, based on the advice of Landlord's structural and mechanical engineers, so that the Project's (and Building C's) systems and equipment are not adversely affected. Any repairs and maintenance of the Generator/Utility Plant shall be the sole responsibility of Tenant. Upon expiration or earlier

termination of this Lease, Tenant shall remove the Generator/Utility Plant and restore the applicable area to the condition existing prior to the installation thereof, except that Tenant shall not be required to remove any underground utilities or the slab underlying the Generator/Utility Plant (but Tenant shall be required to cap off any such utilities in a manner reasonably acceptable to Landlord). However, if Tenant exercises an option to extend for the Building C Lease but does not exercise the corresponding Option for this Lease, then if requested by Landlord, upon expiration of this Lease, Tenant shall remove the connection and associated components from the Generator/Utility Plant to the Premises (including, without limitation, automatic transfer switch, subpanels and HVAC equipment) and return such areas to their original condition (including, without limitation, patching up any penetrations and trenches), reasonable wear and tear excepted. Tenant's obligation to indemnify, defend and hold Landlord harmless as provided in, and subject to, Section 13(a) below shall also apply to Tenant's installation, use and operation of the Generator/Utility Plant. The Generator/Utility Plant shall be deemed to be a part of the Premises for purposes of Article 14 below.

**ARTICLE 10**  
**LIENS**

Tenant shall keep the Premises and the Project free from any mechanics' liens, vendors liens or any other liens arising out of any work performed, materials furnished or obligations incurred by Tenant, and Tenant agrees to defend, indemnify and hold Landlord harmless from and against any such lien or claim or action thereon, together with costs of suit and reasonable attorneys' fees and costs incurred by Landlord in connection with any such claim or action. Before commencing any work of alteration, addition or improvement to the Premises, Tenant shall give Landlord at least ten (10) business days' written notice of the proposed commencement of such work. In the event that there shall be recorded against the Premises or the Project or the property of which the Premises is a part any claim or lien arising out of any such work performed, materials furnished or obligations incurred by Tenant and such claim or lien shall not be removed or discharged by Tenant pursuant to RCW 60.04.161 (or any successor statute(s)) within twenty (20) days after Tenant learns of the filing, Landlord shall have the right but not the obligation to pay and discharge said lien without regard to whether such lien shall be lawful or correct (in which case Tenant shall reimburse Landlord for any such payment made by Landlord within twenty (20) days following written demand), or to require that Tenant promptly deposit with Landlord in cash, lawful money of the United States, one hundred fifty percent (150%) of the amount of such claim, which sum may be retained by Landlord until such claim shall have been removed of record or until judgment shall have been rendered on such claim and such judgment shall have become final, at which time Landlord shall have the right to apply such deposit in discharge of the judgment on said claim and any costs, including attorneys' fees and costs incurred by Landlord, and shall remit the balance thereof to Tenant.

**ARTICLE 11**  
**PROJECT SERVICES**

(a) **Basic Services.** Tenant shall contract directly with the applicable utility companies for provision of water, gas, electricity and other utilities to the Premises and Tenant shall make payment directly to such utility companies for such services. Landlord shall, at the request of Tenant, reasonably cooperate with Tenant's efforts to bring increased utility services to the Project at Tenant's sole cost including, without limitation, entering into one or more easements reasonably approved by Landlord with applicable utility providers. Tenant shall control all hours of utilities operations, including the heating, ventilation and air conditioning system. Tenant shall be responsible for employing a janitorial and waste removal service for the Premises which shall be reasonably approved by Landlord and Tenant acknowledges that Landlord shall have no obligation to provide janitorial service to the Premises. Landlord shall be responsible for employing a janitorial, waste removal and landscaping service for the parking facility and other exterior areas of the Project excluding the Premises. Landlord shall not be liable for, and there shall be no rent abatement as a result of, any stoppage, reduction or interruption of any such services caused by governmental rules, regulations or ordinances, riot, strike, labor disputes, breakdowns, accidents, necessary repairs or other cause except as expressly provided in Section 13(a) below. Notwithstanding the foregoing, during a period of utility interruption, upon request from Tenant, Landlord shall, at no additional cost to Landlord, promptly and diligently cooperate with, and assist, Tenant, as reasonably requested, to help restore disrupted utilities.

(b) **Telecommunications.** Upon request from Tenant from time to time, Landlord will provide Tenant with a listing of telecommunications and media service providers serving the

Project, and Tenant shall have the right to contract directly with the providers of its choice. If Tenant wishes to contract with or obtain service from any provider which does not currently serve the Project or wishes to obtain from an existing carrier services which will require the installation of additional equipment, such provider must, prior to providing service, enter into a written agreement with Landlord setting forth the terms and conditions of the access to be granted to such provider. In no event shall Landlord be obligated to incur any unreimbursed costs or liabilities in connection with the installation or delivery of telecommunication services or facilities at the Project. All such installations shall be subject to Landlord's prior approval and shall be performed in accordance with the terms of Article 9. If Landlord approves the proposed installations in accordance with the foregoing, Landlord will deliver its standard form agreement upon request and will use commercially reasonable efforts to promptly enter into an agreement on reasonable and non-discriminatory terms with a qualified, licensed and reputable carrier confirming the terms of installation and operation of telecommunications equipment consistent with the foregoing.

## **ARTICLE 12** **RIGHTS OF LANDLORD**

(a) **Right of Entry.** Landlord and Landlord's representatives may enter the Premises during business hours on not less than two (2) business days' advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of effecting any repairs required of Landlord under this Lease, inspecting the Premises, showing the Premises to prospective purchasers and, during the last 18 months of the Term, to prospective tenants. Except in the event of emergency, Landlord's entry shall be scheduled and conducted so as not to unreasonably or materially interfere with Tenant's use and occupancy of the Premises for the Permitted Use. Tenant shall at all times, except in the case of emergencies, have the right to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely affect Landlord's access rights hereunder.

(b) **Rooftop.** Tenant may use the roof of the Project to install equipment to be used from the Premises, subject to Tenant's advance written notice to Landlord ("**Equipment Notice**"), which Equipment Notice shall generally describe the specifications for the equipment desired by Tenant. If Tenant so delivers an Equipment Notice, then subject to all governmental laws, rules and regulations and any applicable covenants, conditions and restrictions, Tenant and Tenant's contractors (which shall first be reasonably approved by Landlord) shall have the right and access to install, repair, replace, remove, operate and maintain, in locations on the roof reasonably determined by Tenant, any such equipment that is reasonably necessary for Tenant's Permitted Use (collectively, "**Tenant Equipment**"), together with aesthetic screening designated by Landlord. If penetration of the roof cannot be avoided, Tenant shall retain Landlord's designated roofing contractor to make any necessary penetrations and associated repairs to the roof in order to preserve Landlord's roof warranty. Tenant's installation and operation of the Tenant Equipment shall be governed by the following terms and conditions:

(i) Tenant's right to install, replace, repair, remove, operate and maintain the Tenant Equipment shall be subject to all governmental laws, rules and regulations and covenants, conditions and restrictions and Landlord makes no representation that such covenants, conditions and restrictions and laws, rules and regulations permit such installation and operation.

(ii) All plans and specifications for attachment of the Tenant Equipment and the roof shall be subject to Landlord's reasonable approval.

(iii) All costs of installation, operation and maintenance of the Tenant Equipment and any necessary related equipment (including, without limitation, costs of obtaining any necessary permits and connections to the Project's electrical system) shall be borne by Tenant.

(iv) It is expressly understood that Landlord retains the non-exclusive right to use the roof of the Project for any purpose whatsoever provided that Landlord shall not unduly interfere with Tenant's use of the Tenant Equipment.

(v) Tenant shall use the Tenant Equipment so as not to cause any interference to other tenants in the Development or with any other tenant's communication equipment.

(vi) Landlord shall not have any obligations with respect to the Tenant Equipment except that Landlord shall not interfere with the Tenant Equipment. Tenant shall not lease or otherwise make the Tenant Equipment available to any third party and the Tenant Equipment shall be only for Tenant's use in connection with the conduct of Tenant's business in the Premises.



(vii) Tenant shall (A) be solely responsible for any damage caused as a result of the Tenant Equipment, (B) promptly pay any tax, license or permit fees charged pursuant to any laws or regulations in connection with the installation, maintenance or use of the Tenant Equipment and comply with all precautions and safeguards recommended by all governmental authorities, and (C) pay for all necessary repairs, replacements to or maintenance of the Tenant Equipment.

(viii) The Tenant Equipment shall remain the sole property of Tenant. Tenant shall remove the Tenant Equipment and related equipment at Tenant's sole cost and expense upon the expiration or sooner termination of this Lease or upon the imposition of any governmental law or regulation which may require removal, and shall repair the Project upon such removal to the extent required by such work of removal, reasonable wear and tear excepted. If Tenant fails to remove the Tenant Equipment and repair the Project within fifteen (15) days after the expiration or earlier termination of this Lease, Landlord may do so at Tenant's expense. The provisions of this Section 12(b)(viii) shall survive the expiration or earlier termination of this Lease.

(ix) The Tenant Equipment shall be deemed to constitute a portion of the Premises for purposes of Article 13 of this Lease.

**ARTICLE 13**  
**INDEMNITY; EXEMPTION OF LANDLORD FROM LIABILITY**

(a) **Indemnity.** Tenant shall indemnify, defend and hold Landlord and its members, officers, directors, employees and contractors (collectively, "**Landlord Parties**") harmless from and against any and all loss, cost, liability, damage or expense including, without limitation, penalties, fines, attorneys' fees and costs (collectively, "**Claims**") arising from Tenant's use of the Premises or the Project or from the conduct of its business or from any activity, work or thing which may be permitted or suffered by Tenant in or about the Premises or the Project and shall further indemnify, defend and hold Landlord and the Landlord Parties harmless from and against any and all Claims arising from any negligence or willful misconduct of Tenant or any of its agents, contractors, employees or invitees, patrons, customers or members in or about the Project and from any and all costs, attorneys' fees and costs, expenses and liabilities incurred in the defense of any Claim or any action or proceeding brought thereon, including negotiations in connection therewith. However, notwithstanding the foregoing, Tenant shall not be required to indemnify and/or hold Landlord harmless from any loss, cost, liability, damage or expense, including, but not limited to, penalties, fines, attorneys' fees or costs (collectively, "**Claims**"), to any person, property or entity to the extent resulting from the negligence or willful misconduct of Landlord or its agents, contractors, or employees (except for damage to the Tenant Improvements and Tenant's personal property, fixtures, furniture and equipment in the Premises in which case Tenant shall be responsible to the extent Tenant is required to obtain the requisite insurance coverage pursuant to this Lease). Landlord hereby indemnifies Tenant and holds Tenant harmless from any Claims to the extent resulting from the negligence or willful misconduct of Landlord or its agents, contractors or employees and not covered by insurance required to be carried under this Lease by Tenant or actually carried by Tenant. Further, Tenant's agreement to indemnify Landlord and Landlord's agreement to indemnify Tenant pursuant to this Section 13(a) is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Landlord or Tenant pursuant to this Lease, to the extent such policies cover the matters subject to such indemnification obligations. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord and the Landlord Parties, except to the extent the damage is caused by the negligence or willful misconduct of Landlord or the Landlord Parties (provided that in such case Landlord's liability shall be limited to amounts not covered by insurance carried by Tenant or required to be carried by Tenant pursuant to this Lease).

(b) **Exemption of Landlord from Liability.** Landlord and the Landlord Parties shall not be liable for injury to Tenant's business, or loss of income therefrom, however occurring (including, without limitation, from any failure or interruption of services or utilities or as a result of Landlord's negligence), or, subject to the waivers in Article 14(d) below to the extent applicable and except in connection with damage or injury resulting from a Landlord Default or the gross negligence or willful misconduct of Landlord or the Landlord Parties, for damage that may be

sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees, customers, agents, or contractors, or any other person in, on or about the Premises directly or indirectly caused by or resulting from any cause whatsoever, including, but not limited to, fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, light fixtures, or mechanical or electrical systems, or from intrabuilding cabling or wiring, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Project or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant. Landlord and the Landlord Parties shall not be liable to Tenant for any damages arising from any willful or negligent action or inaction of any other tenant of the Project.

(c) Security. Tenant acknowledges that Landlord's election whether or not to provide any type of mechanical surveillance or security personnel whatsoever in the Project is solely within Landlord's discretion; Landlord and the Landlord Parties shall have no liability in connection with the provision, or lack, of such services, and Tenant hereby agrees to hold Landlord and the Landlord Parties harmless with regard to any such potential claim. Landlord and the Landlord Parties shall not be liable for losses due to theft, vandalism, or like causes. Tenant shall defend, indemnify, and hold Landlord and the Landlord Parties harmless from and against any such claims made by any employee, licensee, invitee, contractor, agent or other person whose presence in, on or about the Premises or the Project is attendant to the business of Tenant.

#### **ARTICLE 14** **INSURANCE**

(a) Tenant's Insurance. Tenant, shall at all times during the Term of this Lease, and at its own cost and expense, procure and continue in force the following insurance coverage: (i) Commercial General Liability Insurance, written on an occurrence basis, with a combined single limit for bodily injury and property damages of not less than Five Million Dollars (\$5,000,000) per occurrence and Ten Million Dollars (\$10,000,000) in the annual aggregate, including products liability coverage if applicable, owners and contractors protective coverage, blanket contractual coverage including both oral and written contracts, and personal injury coverage, covering the insuring provisions of this Lease and the performance of Tenant of the indemnity and exemption of Landlord from liability agreements set forth in Article 13 hereof; (ii) a policy of standard fire, extended coverage and special extended coverage insurance (all risks), including a vandalism and malicious mischief endorsement, sprinkler leakage coverage and earthquake sprinkler leakage where sprinklers are provided in an amount equal to the full replacement value new without deduction for depreciation of all (A) Tenant Improvements, Alterations, fixtures and other improvements in the Premises, including but not limited to all mechanical, plumbing, heating, ventilating, air conditioning, electrical, telecommunication and other equipment, systems and facilities, and (B) trade fixtures, furniture, equipment and other personal property installed by or at the expense of Tenant; (iii) Worker's Compensation coverage as required by law; and (iv) business interruption, loss of income and extra expense insurance covering any failure or interruption of Tenant's business equipment (including, without limitation, telecommunications equipment) and covering all other perils, failures or interruptions sufficient to cover a period of interruption of not less than twelve (12) months. Pollution Legal Liability insurance shall also be required if Tenant stores, handles, generates or treats Hazardous Materials on or about the Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including damage to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been damaged or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Such coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted for Pollution Legal Liability insurance, provided the policy retroactive date is as of the Commencement Date, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage for Pollution Legal Liability insurance shall be maintained with limits of not less than \$1,000,000 per incident with a \$2,000,000 policy aggregate and for a period of two (2) years after Tenant ceases to occupy the Premises. Finally, Tenant shall carry and maintain during the entire Term (including any option periods, if applicable), at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 14 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably required by Landlord.

(b) Form of Policies. The aforementioned minimum limits of policies and Tenant's procurement and maintenance thereof shall in no event limit the liability of Tenant hereunder. The Commercial General Liability Insurance policy shall name Landlord, the Landlord Parties, Landlord's property manager, Landlord's lender(s) and such other persons or firms as Landlord reasonably specifies from time to time, as additional insureds with an appropriate endorsement to the policy(s). All such insurance policies carried by Tenant shall be with companies having a rating of not less than A-VIII in Best's Insurance Guide. Tenant shall furnish to Landlord, from the insurance companies, or cause the insurance companies to furnish, certificates of coverage. The deductible under each such policy shall be reasonably acceptable to Landlord. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days prior written notice to Landlord by the insurer. All such policies shall be endorsed to agree that Tenant's policy is primary and that any insurance carried by Landlord is excess and not contributing with any Tenant insurance requirement hereunder. Tenant shall, at least twenty (20) days prior to the expiration of such policies, furnish Landlord with renewals or binders. Tenant agrees that if Tenant does not take out and maintain such insurance or furnish Landlord with renewals or binders in a timely manner, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge Tenant the cost thereof, which amount shall be payable by Tenant upon demand with interest (at the rate set forth in Section 20(e) below) from the date such sums are expended. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by Tenant, provided such blanket policies expressly afford coverage to the Premises and to Tenant as required by this Lease.

(c) Landlord's Insurance. Landlord shall, as a cost to be included in Operating Costs, procure and maintain at all times during the Term of this Lease, a policy or policies of insurance covering loss or damage to the Project in the amount of the full replacement costs without deduction for depreciation thereof, providing protection against all perils included within the classification of fire and extended coverage, vandalism coverage and malicious mischief, sprinkler leakage, water damage, and special extended coverage on the building. Additionally, Landlord may carry: (i) Bodily Injury and Property Damage Liability Insurance and/or Excess Liability Coverage Insurance; and (ii) Earthquake and/or Flood Damage Insurance; and (iii) Rental Income Insurance; and (iv) any other forms of insurance that Landlord may reasonably deem appropriate or which any lender with a security interest in the Project may require. The costs of all insurance carried by Landlord shall be included in Operating Costs.

(d) Waiver of Subrogation. Landlord and Tenant each agree to require their respective insurers issuing the insurance described in Sections 14(a)(ii), 14(a)(iv) and the first sentence of Section 14(c), waive any rights of subrogation that such companies may have against the other party. Tenant hereby waives any right that Tenant may have against Landlord and Landlord hereby waives any right that Landlord may have against Tenant as a result of any loss or damage to the extent such loss or damage is insurable under such policies. In addition, as between Landlord and Tenant only, each party hereby waives its immunity with respect to the other under the Industrial Insurance Act (RCW Title 51), and/or the Longshoreman's and Harbor Worker's Act and/or any equivalent acts, and each party expressly agrees to assume potential liability for actions brought against the other party by such waiving parties' employees. The parties have specifically negotiated this waiver and each party has had the opportunity to, and has been encouraged to, consult with independent counsel regarding this waiver.

(e) Compliance with Insurance Requirements. Tenant agrees to pay Landlord forthwith upon demand the amount of any increase in premiums for insurance that may be carried during the Term of this Lease, or the amount of insurance to be carried by Landlord on the Project resulting from Tenant's particular use of the Premises (as opposed to mere occupancy), or from Tenant doing any act in or about the Premises that does so increase the insurance rates, whether or not Landlord shall have consented to such act on the part of Tenant. If Tenant installs upon the Premises any electrical equipment which causes an overload of electrical lines of the Premises, Tenant shall at its own cost and expense, in accordance with all other Lease provisions (specifically including, but not limited to, the provisions of Article 9, 10 and 11 hereof), make whatever changes are necessary to comply with requirements of the insurance underwriters and any governmental authority having jurisdiction thereover, but nothing herein contained shall be deemed to constitute Landlord's consent to such overloading. Tenant shall, at its own expense, comply with all insurance requirements applicable to the Premises including, without limitation, the installation of fire extinguishers or an automatic dry chemical extinguishing system.

**ARTICLE 15**  
**ASSIGNMENT AND SUBLETTING**

Tenant shall have no power to, either voluntarily, involuntarily, by operation of law or otherwise, sell, assign, transfer or hypothecate this Lease, or sublet the Premises or any part thereof, without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant may transfer its interest pursuant to this Lease only upon the following express conditions, which conditions are agreed by Landlord and Tenant to be reasonable:

(a) That the proposed Transferee (as hereafter defined) shall be subject to the prior written consent of Landlord, which shall not be unreasonably withheld; without limiting the generality of the foregoing, Landlord may deny such consent if:

(i) The use to be made of the Premises by the proposed Transferee is (A) a use which conflicts with any so-called "exclusive" then in favor of another tenant of the Development, or (B) a use which would be prohibited by any other portion of this Lease (including but not limited to any Rules and Regulations then in effect);

(ii) The proposed Transferee is a non-profit organization or the financial responsibility of the proposed Transferee is not reasonably satisfactory to Landlord or in any event not at least equal to the financial responsibility of Tenant as of the date of execution of this Lease;

(iii) The proposed Transferee is either a governmental agency or instrumentality thereof; or

(iv) Either the proposed Transferee or any person or entity which directly or indirectly controls, is controlled by or is under common control with the proposed Transferee is negotiating with Landlord or has negotiated with Landlord during the sixty (60) day period immediately preceding the date of the proposed Transfer, to lease space in the Development.

(b) Upon Tenant's submission of a request for Landlord's consent to any such Transfer, Tenant shall pay to Landlord Landlord's then standard processing fee and reasonable attorneys' fees and costs incurred in connection with the proposed Transfer, which the parties hereby stipulate to be \$3,000.00 per proposed Transfer;

(c) That the proposed Transferee shall execute an agreement pursuant to which it shall agree to perform faithfully and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease applicable to that portion of the Premises so transferred (as appropriate based on whether the Transfer is an assignment or a sublease); and

(d) That an executed duplicate original of said assignment and assumption agreement or other Transfer on a form reasonably approved by Landlord, shall be delivered to Landlord within five (5) business days after the execution thereof, and that such Transfer shall not be binding upon Landlord until the delivery thereof to Landlord and the execution and delivery of Landlord's consent thereto. It shall be a condition to Landlord's consent to any subleasing, assignment or other transfer of part or all of Tenant's interest in the Premises ("**Transfer**") that (i) upon Landlord's consent to any Transfer, Tenant shall pay and continue to pay Landlord fifty percent (50%) of any "Transfer Premium" (defined below), received by Tenant from the transferee; (ii) any sublessee of part or all of Tenant's interest in the Premises shall agree that in the event Landlord gives such sublessee notice that Tenant is in default under this Lease, such sublessee shall thereafter make all sublease or other payments directly to Landlord, which will be received by Landlord without any liability whether to honor the sublease or otherwise (except to credit such payments against sums due under this Lease), and any sublessee shall agree to attorn to Landlord or its successors and assigns at their request should this Lease be terminated for any reason, except that in no event shall Landlord or its successors or assigns be obligated to accept such attornment; (iii) any such Transfer shall be effected on forms reasonably approved by Landlord and/or its legal counsel and any such consent shall be effected on forms provided by Landlord and/or its legal counsel; (iv) Landlord may require that Tenant not then be in default hereunder in any respect; and (v) Tenant or the proposed subtenant or assignee (collectively, "**Transferee**") shall agree to pay Landlord, upon demand, as Additional Rent, a sum equal to the additional costs, if any, incurred by Landlord for maintenance and repair as a result of any change in the nature of occupancy caused by such subletting or assignment. "**Transfer Premium**" shall mean all rent, Additional Rent or other consideration payable by a Transferee in connection with a Transfer in excess of the Basic

Rental and Direct Costs payable by Tenant under this Lease during the term of the Transfer and if such Transfer is for less than all of the Premises, the Transfer Premium shall be calculated on a rentable square foot basis with fair and reasonable allocations made for common areas used by the Transferee. The calculation of "Transfer Premium" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by a Transferee to Tenant for such Transfer, and any payment in excess of fair market value for services rendered by Tenant to the Transferee and any payment in excess of fair market value for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to the Transferee in connection with such Transfer. In any event, the Transfer Premium shall be calculated after deducting the reasonable expenses incurred by Tenant for (1) any changes, alterations and improvements to the Premises paid for by Tenant and approved by Landlord in connection with the Transfer, (2) any other out-of-pocket monetary concessions provided by Tenant to the Transferee, (3) any brokerage commissions paid for by Tenant in connection with the Transfer, and (4) attorneys' fees incurred in documenting, and securing Landlord consent for, the Transfer. Any Transfer of this Lease which is not in compliance with the provisions of this Article 15 shall be voidable by written notice from Landlord. In no event shall the consent by Landlord to any Transfer be construed as relieving Tenant or any Transferee from obtaining the express written consent of Landlord to any further Transfer, or as releasing Tenant from any liability or obligation hereunder whether or not then accrued and Tenant shall continue to be fully liable therefor. No collection or acceptance of rent by Landlord from any person other than Tenant shall be deemed a waiver of any provision of this Article 15 or the acceptance of any Transferee hereunder, or a release of Tenant (or of any Transferee of Tenant). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under this Article 15 or otherwise has breached or acted unreasonably under this Article 15, their sole remedies shall be a declaratory judgment, an injunction for the relief sought and/or direct monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease.

(e) The term "**Affiliate**" shall mean (i) any entity that is controlled by, controls or is under common control with, Tenant or (ii) any entity that merges with, is acquired by, or acquires Tenant through the purchase of stock or assets and where the net worth of the surviving entity as of the date such transaction is completed is not less than that of Tenant immediately prior to the transaction calculated under generally accepted accounting principles. Notwithstanding anything to the contrary contained in this Article 15, an assignment or subletting of all or a portion of the Premises to an Affiliate of Tenant shall not be deemed a Transfer under this Article 15, provided that Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information requested by Landlord regarding such assignment or sublease or such affiliate, and further provided that such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease. An assignee of Tenant's entire interest in this Lease pursuant to the immediately preceding sentence may be referred to herein as an "**Affiliated Assignee.**" "**Control,**" as used in this Article 15, shall mean the ownership, directly or indirectly, of greater than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of greater than fifty percent (50%) of the voting interest in, an entity. A listing of Tenant's stock on a public stock exchange, and transfer of shares pursuant thereto, shall not be deemed a Transfer under this Article 15.

#### **ARTICLE 16** **DAMAGE OR DESTRUCTION**

If the Project is damaged by fire or other insured casualty and the insurance proceeds have been made available therefor by the holder or holders of any mortgages or deeds of trust covering the Premises or the Project, the damage shall be repaired by Landlord to the extent such insurance proceeds are available therefor and provided such repairs can, in Landlord's reasonable opinion (the "**Repair Opinion**"), be completed within one (1) year after the necessity for repairs as a result of such damage becomes known to Landlord and Tenant, without the payment of overtime or other premiums. Until such repairs are completed, and to the extent covered by Landlord's rent interruption insurance, rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business (but there shall be no abatement of rent by reason of any portion of the Premises being unusable for a period equal to one (1) day or less). Tenant shall be responsible, at Tenant's cost but subject to application of Tenant's insurance proceeds, for repairs to the Tenant Improvements and Alterations within the Premises and Landlord shall be responsible, at Landlord's cost but subject to application of Landlord's insurance proceeds, for repairs to the remainder of the Premises; provided, however, that if Landlord and Tenant then mutually agree and subject to Landlord's lender's consent, Landlord may permit Tenant to perform

all repairs to the Premises, in which case Landlord shall make insurance proceeds from Landlord's insurance carrier available to Tenant pursuant to a procedure to be determined at such time. If the Repair Opinion indicates that such repairs cannot be completed within one (1) year after the necessity for repairs as a result of such damage becomes known to Landlord and Tenant without the payment of overtime or other premiums, either party may, at their option, terminate this Lease by notifying the other in writing of such termination within sixty (60) days after Landlord delivers such Repair Opinion to Tenant, with such termination notice to include a termination date giving Tenant sixty (60) days to vacate the Premises. In addition, Landlord may elect to terminate this Lease if the Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, if Landlord's repair obligations are not fully covered, except for deductible amounts, by Landlord's insurance policies or by policies that Landlord was required to carry pursuant to the terms of this Lease; provided, however, that Tenant may elect to nullify such termination by delivering written notice to Landlord thereof within thirty (30) days after Tenant's receipt of Landlord's termination notice and making available to Landlord, pursuant to a procedure reasonably designated by Landlord, any shortfall in funds required to pay for Landlord's repair obligations hereunder. Landlord and Tenant shall reasonably cooperate with one another to complete their respective repair work in a timely manner. If this Lease is terminated pursuant to this Article 16, Tenant shall assign to Landlord a fraction of the insurance proceeds payable to Tenant for Tenant Improvements and Alterations, the numerator of which is the number of months remaining in the Term (or Option Term, as applicable) as of the date of termination, and the denominator of which is the total number of months in the Term (or Option Term, as applicable). Finally, if the Premises or the Project is damaged to any substantial extent during the last eleven (11) months of the Term, then notwithstanding anything contained in this Article 16 to the contrary, Landlord shall have the option to terminate this Lease by giving written notice to Tenant of the exercise of such option within sixty (60) days after Landlord learns of the necessity for repairs as the result of such damage. A total destruction of the Project shall automatically terminate this Lease. Except as provided in Article 13 and this Article 16, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business or property arising from such damage or destruction or the making of any repairs, alterations or improvements in or to any portion of the Project or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant understands that Landlord will not carry insurance of any kind on Tenant's furniture, furnishings, trade fixtures or equipment, and that Landlord shall not be obligated to repair any damage thereto or replace the same. Tenant acknowledges that Tenant shall have no right to any proceeds of insurance carried by Landlord relating to property damage. With respect to any damage which Landlord is obligated to repair or elects to repair, Tenant, as a material inducement to Landlord entering into this Lease, irrevocably waives and releases any rights under law to terminate this Lease, except as set forth in this Article 16 above.

**ARTICLE 17**  
**SUBORDINATION**

This Lease is subject to, and Tenant agrees to comply with, all matters of record affecting the Real Property on the Commencement Date and any other commercially reasonable items that do not materially increase Tenant's obligations or decrease Tenant's rights hereunder. This Lease is also subject and subordinate to all existing and future ground or underlying leases, mortgages and deeds of trust which affect the Real Property, including all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, (i) if the lessor under any such lease or the holder or holders of any such mortgage or deed of trust shall advise Landlord that they desire or require this Lease to be prior and superior thereto, upon written request of Landlord to Tenant, Tenant agrees to promptly execute, acknowledge and deliver any and all documents or instruments which Landlord or such lessor, holder or holders deem necessary or desirable for purposes thereof, and (ii) a condition precedent to such subordination shall be that Landlord obtains from the lender or other party in question a commercially reasonable non-disturbance agreement in favor of Tenant ("SNDA"). Subject to the SNDA, Tenant agrees that in the event any proceedings are brought for the foreclosure of any mortgage or deed of trust or any deed in lieu thereof, to attorn to the mortgagee under such mortgage or deed of trust, such mortgagee's successor purchaser or any of their successors or assigns upon any such foreclosure sale or deed in lieu thereof as so requested to do so by such purchaser and to recognize such purchaser as the lessor under this Lease; provided, however, that such mortgagee or its successor shall not be liable for or bound by (i) any payment of any rent installment which may have been made more than thirty (30) days before the due date of such installment, (ii) any act or omission of or default by Landlord under this Lease (but such mortgagee, or such successor, shall be subject to the continuing obligations of Landlord under this Lease to the extent arising from and after such

succession to the extent of such mortgagee's or such successor's interest in the Project), (iii) any credit, claims, setoffs or defenses which Tenant may have against Landlord, (iv) any modification or amendment to this Lease for which such mortgagee's consent is required, but has not been obtained, under a mortgage or deed of trust or (v) any obligation under this Lease to maintain a fitness facility at the Project, if any. Tenant agrees to provide copies of any notices of Landlord's default under this Lease to any mortgagee, deed of trust beneficiary and mezzanine lender whose address has been provided to Tenant and Tenant shall provide such mortgagee, deed of trust beneficiary and mezzanine lender a commercially reasonable time after receipt of such notice within which to cure any such default. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

**ARTICLE 18**  
**EMINENT DOMAIN**

If the whole of the Premises or the Project or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain, or is sold, transferred or conveyed in lieu thereof, this Lease shall automatically terminate as of the date of such condemnation, or as of the date possession is taken by the condemning authority, at Landlord's option. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award which may be made in such taking or condemnation, together with any and all rights of Tenant now or hereafter arising in or to the same or any part thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property and trade fixtures belonging to Tenant and removable by Tenant at the expiration of the Term hereof as provided hereunder, for the interruption of, or damage to, Tenant's business, or for relocation and moving expenses. In the event of a partial taking described in this Article 18, or a sale, transfer or conveyance in lieu thereof, which does not result in a termination of this Lease, the Basic Rental shall be apportioned according to the ratio that the part of the Premises remaining useable by Tenant bears to the total area of the Premises. Tenant hereby waives any and all rights it might otherwise have under law to terminate this Lease in the event of a taking under power of eminent domain.

**ARTICLE 19**  
**DEFAULT**

Each of the following acts or omissions of Tenant or of any guarantor of Tenant's performance hereunder, or occurrences, shall constitute an **"Event of Default"**:

- (a) Failure or refusal to pay Basic Rental, Additional Rent or any other amount to be paid by Tenant to Landlord hereunder within five (5) business days after notice that the same is due or payable hereunder; said five (5) business day period shall be in lieu of, and not in addition to, any statutory notice requirements;
- (b) An Event of Default under the Building C Lease (if Landlord and the landlord under the Building C Lease are then the same entity or are affiliates);
- (c) Except as set forth in items (a) and (b) above and (d) and (e) below, failure to perform or observe any other covenant or condition of this Lease to be performed or observed within thirty (30) days following written notice to Tenant of such failure; provided, however, if the nature of Tenant's obligation is such that more than thirty (30) days are required for its performance, then Tenant shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to completion. Such thirty (30) day notice shall be in lieu of, and not in addition to, any statutory notice requirements;
- (d) The filing by Tenant or any guarantor hereunder in any court pursuant to any statute of a petition in bankruptcy or insolvency or for reorganization or arrangement for the appointment of a receiver of all or a portion of Tenant's property; the filing against Tenant or any guarantor hereunder of any such petition, or the commencement of a proceeding for the appointment of a trustee, receiver or liquidator for Tenant, or for any guarantor hereunder, or of any of the property of either, or a proceeding by any governmental authority for the dissolution or liquidation of Tenant or any guarantor hereunder, if such proceeding shall not be dismissed or trusteeship discontinued

within ninety (90) days after commencement of such proceeding or the appointment of such trustee or receiver; or the making by Tenant or any guarantor hereunder of an assignment for the benefit of creditors; or

(e) Tenant's failure to observe or perform according to the provisions of Articles 7,10, 14,17 or 25 within five (5) business days after notice from Landlord, which notice from Landlord may be delivered at any time after expiration of the periods for performance set forth in such Articles have expired.

## **ARTICLE 20** **REMEDIES**

(a) Upon the occurrence of an Event of Default under this Lease as provided in Article 19 hereof, Landlord may exercise all of its remedies as may be permitted by law, including but not limited to, terminating this Lease, reentering the Premises and removing all persons and property therefrom, which property may be stored by Landlord at a warehouse or elsewhere at the risk, expense and for the account of Tenant. If Landlord elects to terminate this Lease, Landlord shall be entitled to recover from Tenant the aggregate of all amounts permitted by law, including but not limited to (i) the worth at the time of award of the amount of any unpaid rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, tenant improvement expenses, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The term "rent" as used in this Section 20(a) shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in items (i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in item (e), below, but in no case greater than the maximum amount of such interest permitted by law. As used in item (iii), above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(b) Nothing in this Article 20 shall be deemed to affect Landlord's right to indemnification for liability or liabilities arising prior to the termination of this Lease for personal injuries or property damage under the indemnification clause or clauses contained in this Lease.

(c) Notwithstanding anything to the contrary set forth herein, Landlord's re-entry to perform acts of maintenance or preservation of or in connection with efforts to relet the Premises or any portion thereof, or the appointment of a receiver upon Landlord's initiative to protect Landlord's interest under this Lease shall not terminate Tenant's right to possession of the Premises or any portion thereof and, until Landlord does elect to terminate this Lease, this Lease shall continue in full force and effect and Landlord may enforce all of Landlord's rights and remedies hereunder. Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

(d) All rights, powers and remedies of Landlord hereunder and under any other agreement now or hereafter in force between Landlord and Tenant shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Landlord by law, and the exercise of one or more rights or remedies shall not impair Landlord's right to exercise any other right or remedy.

(e) Any amount due from Tenant to Landlord hereunder which is not paid when due shall bear interest at the lower of eighteen percent (18%) per annum or the maximum lawful rate of interest from the due date until paid, unless otherwise specifically provided herein, but the payment of such interest shall not excuse or cure any default by Tenant under this Lease. In



addition to such interest: (i) if Basic Rental is not paid on or before the fifth (5<sup>th</sup>) day of the calendar month for which the same is due, a late charge equal to five percent (5%) of the amount overdue shall be immediately due and owing and (ii) an additional charge of \$25 shall be assessed for any check given to Landlord by or on behalf of Tenant which is not honored by the drawee thereof; which damages include Landlord's additional administrative and other costs associated with such late payment and unsatisfied checks and the parties agree that it would be impracticable or extremely difficult to fix Landlord's actual damage in such event. Such charges for interest and late payments and unsatisfied checks are separate and cumulative and are in addition to and shall not diminish or represent a substitute for any or all of Landlord's rights or remedies under any other provision of this Lease.

(f) Notwithstanding anything to the contrary set forth in this Lease, Landlord shall be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease (a "**Landlord Default**") if Landlord fails to perform such obligation within thirty (30) days after the receipt of notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to completion. Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity.

**ARTICLE 21**  
**TRANSFER OF LANDLORD'S INTEREST**

In the event of any transfer of Landlord's interest in the Premises or the Project by sale, assignment, transfer, foreclosure, deed-in-lieu of foreclosure or otherwise whether voluntary or involuntary, Landlord shall be automatically relieved of any and all obligations and liabilities on the part of Landlord for matters first occurring on or after the date of such transfer, including furthermore without limitation, the obligation of Landlord under Article 4 above to return the security deposit, provided said security deposit is transferred to said transferee. Tenant agrees to recognize such transferee as the lessor under this Lease and Tenant shall, within five (5) days after request, execute such further instruments or assurances as such transferee may reasonably deem necessary to evidence or confirm such recognition.

**ARTICLE 22**  
**BROKER**

In connection with this Lease, Tenant warrants and represents that it has had dealings only with firm(s) set forth in Article 1.G. of the Basic Lease Provisions and that it knows of no other person or entity who is or might be entitled to a commission, finder's fee or other like payment in connection herewith and does hereby indemnify and agree to hold Landlord, its agents, members, partners, representatives, officers, affiliates, shareholders, employees, successors and assigns harmless from and against any and all loss, liability and expenses that Landlord may incur should such warranty and representation prove incorrect, inaccurate or false. In connection with this Lease, Landlord warrants and represents that it has had dealings only with firm(s) set forth in Article 1.G. of the Basic Lease Provisions and that it knows of no other person or entity who is or might be entitled to a commission, finder's fee or other like payment in connection herewith and does hereby indemnify and agree to hold Tenant, its agents, members, partners, representatives, officers, affiliates, shareholders, employees, successors and assigns harmless from and against any and all loss, liability and expenses that Tenant may incur should such warranty and representation prove incorrect, inaccurate or false.

**ARTICLE 23**  
**PARKING**

Tenant shall be entitled to use all of the parking spaces for the Project shown on Exhibit "E" hereto on an unreserved, first-come, first-served basis. Tenant may re-stripe such areas at Tenant's sole cost and expense at any time during the Term. Tenant shall not be obligated to pay any fee to Landlord in connection with such parking; however, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the use of the parking facility by Tenant. Tenant's continued right to use the parking spaces is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility are located, including any sticker or other identification

system established by Landlord, Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations, and Tenant not being in default under this Lease. Landlord may delegate its responsibilities hereunder to a parking operator or a lessee of the parking facility in which case such parking operator or lessee shall have all the rights of control attributed hereby to the Landlord. The parking spaces provided to Tenant pursuant to this Article 23 are provided to Tenant solely for use by Tenant's own personnel and such spaces may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval.

**ARTICLE 24**  
**WAIVER**

No waiver by Landlord of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. No provision of this Lease may be waived by Landlord, except by an instrument in writing executed by Landlord. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved. No act or thing done by Landlord or Landlord's agents during the Term of this Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Any payment by Tenant or receipt by Landlord of an amount less than the total amount then due hereunder shall be deemed to be in partial payment only thereof and not a waiver of the balance due or an accord and satisfaction, notwithstanding any statement or endorsement to the contrary on any check or any other instrument delivered concurrently therewith or in reference thereto. Accordingly, Landlord may accept any such amount and negotiate any such check without prejudice to Landlord's right to recover all balances due and owing and to pursue its other rights against Tenant under this Lease, regardless of whether Landlord makes any notation on such instrument of payment or otherwise notifies Tenant that such acceptance or negotiation is without prejudice to Landlord's rights.

**ARTICLE 25**  
**ESTOPPEL CERTIFICATE**

Tenant shall, at any time and from time to time, upon not less than ten (10) business days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying the following information, (but not limited to the following information in the event further information is requested by Landlord): (i) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as modified, is in full force and effect); (ii) the dates to which the rental and other charges are paid in advance, if any; (iii) the amount of Tenant's security deposit, if any; and (iv) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, and no events or conditions then in existence which, with the passage of time or notice or both, would constitute a default on the part of Landlord hereunder, or specifying such defaults, events or conditions, if any are claimed. It is expressly understood and agreed that any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Real Property. Tenant's failure to deliver such statement within such time shall constitute an admission by Tenant that all statements contained therein are true and correct.

Within thirty (30) days after written request from Tenant, Landlord will similarly execute an estoppel certificate: (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), (ii) stating the dates to which the rental and other charges are paid in advance, if any, (iii) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of Tenant hereunder, or specifying such defaults if any are claimed and (iv) setting forth such further information with respect to the status of this Lease or the Premises as may be reasonably requested thereon.

**ARTICLE 26**  
**LIABILITY OF LANDLORD**

Notwithstanding anything in this Lease to the contrary, any remedy of Tenant for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder or any claim, cause of action or obligation, contractual, statutory or otherwise by Tenant against Landlord or the Landlord Parties concerning, arising out of or relating to any matter relating to this Lease and all of the covenants and conditions or any obligations, contractual, statutory, or otherwise set forth herein, shall be limited solely and exclusively to an amount which is equal to the interest of Landlord in and to the Project. No other property or assets of Landlord or any Landlord Party shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, Landlord's obligations to Tenant, whether contractual, statutory or otherwise, the relationship of Landlord and Tenant hereunder, or Tenant's use or occupancy of the Premises.

**ARTICLE 27**  
**INABILITY TO PERFORM**

This Lease and the obligations of both parties hereunder shall not be affected or impaired because a party obligated to perform is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of any prevention, delay or stoppage due to strikes, lockouts, acts of God, terrorism, evacuation or any other cause previously, or at such time, beyond the reasonable control of such party (collectively, a "**Force Majeure**") and such party's obligations under this Lease shall be suspended by any such Force Majeure; provided, however, that this Article 27 is not intended to, and shall not, (i) extend the time period for the payment of any monetary amounts due (including, without limitation, rent payments from Tenant) from either party to the other under this Lease nor relieve either party from their monetary obligations to the other under this Lease, or (ii) exercise, limit or delay Tenant's obligation to vacate and surrender the Premises upon the expiration or earlier termination of this Lease.

**ARTICLE 28**  
**HAZARDOUS WASTE**

(a) Tenant shall not cause or permit any Hazardous Material (as defined in Section 28(c) below) to be brought, kept or used in or about the Project by Tenant, its agents, employees, contractors, or invitees. If the presence of any Hazardous Material on the Project caused or permitted by Tenant results in any contamination of the Project, then subject to the provisions of Articles 9, 10 and 11 hereof, Tenant shall promptly take all actions at its sole expense as are necessary to return the Project to the condition existing prior to the introduction of any such Hazardous Material and the contractors to be used by Tenant for such work must be approved by Landlord, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Project and so long as such actions do not materially interfere with the use and enjoyment of the Project by the other tenants thereof; provided however, Landlord shall also have the right, by written notice to Tenant, to directly undertake any such mitigation efforts with regard to Hazardous Materials in or about the Project due to Tenant's breach of its obligations pursuant to this Section 28(a), and to charge Tenant, as Additional Rent, for the costs thereof.

(b) Landlord acknowledges that it is not the intent of this Article 28 to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (i) a list identifying each type and quantity of Hazardous Material to be present at the Premises, (ii) a list of any and all approvals or permits from governmental authorities required in connection with the presence of such Hazardous Material at the Premises and (iii) correct and complete copies of notices of violations of Laws related to Hazardous Materials (collectively, "**Hazardous Materials Documents**"). No storage tanks shall be permitted. Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (1) there are any changes to the Hazardous Materials Documents or (2) Tenant initiates any Alterations or changes its business and such change or Alterations involve any material increase in the types or amounts of Hazardous Materials, in which case Tenant shall deliver updated Hazardous Materials Documents before or, if not practicable to do so before, as soon as reasonably practicable after the

occurrence of the events above. The Hazardous Materials Documents shall include the following for each Hazardous Material listed: the chemical name, the material state (e.g., solid, liquid, gas or cryogen), the concentration, the storage amount and storage condition (e.g., in cabinets or not in cabinets), the use amount and use condition (e.g., open use or closed use), the location (e.g., room number or other identification) and if known, the chemical abstract service number. Landlord may, at Landlord's expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review of Tenant's Hazardous Materials Documents or Tenant's use or disposal of Hazardous Materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures. At any time, and from time to time, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to determine whether Hazardous Materials are present or whether contamination has occurred due to the acts or omissions of Tenant, its agents, employees or contractors. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials exist at the Project in violation of this Lease. Tenant represents and warrants to Landlord that is not nor has it been, in connection with the use, disposal or storage of Hazardous Materials, subject to a material enforcement order issued by any governmental authority or required to take any remedial action.

(c) As used herein, the term "**Hazardous Material**" means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) designated as a "Hazardous Substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), (ii) defined as a "Hazardous Waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903), or (iii) defined as a "Hazardous Substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601).

(d) As used herein, the term "**Laws**" means any applicable federal, state or local law, ordinance, or regulation relating to any Hazardous Material affecting the Project, including, without limitation, the laws, ordinances, and regulations referred to in Section 28(c) above.

(e) Landlord shall, at no cost to Tenant (and not as an Operating Cost), remove or remediate any Hazardous Material which exist at the Project as of the date of this Lease to the extent required under applicable Laws. Subject to Tenant's execution and delivery to Landlord of a commercially reasonable nondisclosure agreement, on or before the Commencement Date, Landlord shall deliver to Tenant a Phase I environmental site assessment for the Project.

## **ARTICLE 29** **SURRENDER OF PREMISES; REMOVAL OF PROPERTY**

(a) The voluntary or other surrender of this Lease by Tenant to Landlord, or a mutual termination hereof, shall not work a merger, and shall at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies affecting the Premises.

(b) Upon the expiration of the Term of this Lease, or upon any earlier termination of this Lease, Tenant shall quit and surrender possession of the Premises to Landlord in good order and condition, reasonable wear and tear and repairs which are Landlord's obligation excepted, and shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, all furniture, equipment, business and trade fixtures, free-standing cabinet work, moveable partitioning, telephone and data cabling and other articles of personal property in the Premises except to the extent (i) Landlord elects by notice to Tenant to exercise its option to have any subleases or subtenancies assigned to it, and/or (ii) Landlord elects by notice to Tenant not to require Tenant to remove any data cabling servicing the Premises (in which event Tenant shall pay to Landlord the estimated cost to be incurred by Landlord in connection with removing said data cabling) within three (3) business days following written demand therefor from Landlord. Tenant shall be responsible for the cost to repair all damage to the Premises resulting from the removal of any of such items from the Premises, provided that Landlord shall have the right to either (I) cause Tenant to perform said repair work, or (II) perform said repair work itself, at Tenant's expense (with any such costs incurred by Landlord to be reimbursed by Tenant to Landlord within three (3) business days following written demand therefor from Landlord).

(c) Whenever Landlord shall reenter the Premises as provided in Article 20 hereof, or as otherwise provided in this Lease, any property of Tenant not removed by Tenant upon the expiration of the Term of this Lease (or within forty-eight (48) hours after a termination by reason of Tenant's default), as provided in this Lease, shall be considered abandoned and Landlord may remove any or all of such items and dispose of the same in any manner or store the same in a public warehouse or elsewhere for the account and at the expense and risk of Tenant, and if Tenant shall fail to pay the cost of storing any such property after it has been stored for a period of thirty (30) days or more, Landlord may sell any or all of such property at public or private sale, in such manner and at such times and places as Landlord, in its sole discretion, may deem proper, without notice to or demand upon Tenant, for the payment of all or any part of such charges or the removal of any such property, and shall apply the proceeds of such sale as follows: first, to the cost and expense of such sale, including reasonable attorneys' fees and costs for services rendered; second, to the payment of the cost of or charges for storing any such property; third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

(d) Subject to Section 29(e) below, all fixtures, Tenant Improvements, Alterations and/or appurtenances attached to or built into the Premises prior to or during the Term, whether by Landlord or Tenant and whether at the expense of Landlord or Tenant, or of both, shall be and remain part of the Premises and shall not be removed by Tenant at the end of the Term unless otherwise expressly provided for in this Lease.

(e) Notwithstanding anything to the contrary contained in this Lease, if any portion of the Premises is used as a laboratory ("**Lab Space**"), upon expiration or earlier termination of this Lease, Tenant shall remove all Tenant Improvements, Alterations, furniture, fixtures, equipment and other property from such Lab Space and return such space to Landlord in shell condition. Furthermore, at least thirty (30) days prior to Tenant's surrender of possession of the Premises (or in the event of an earlier termination of this Lease, as soon as reasonably possible following such termination), Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Lab Space which complies with the American National Standards Institute's Laboratory Decommissioning guidelines (ANSI/AIHA Z9.11-2008) or any successor standards published by ANSI or any successor organization (or, if ANSI and its successors no longer exist, a similar entity publishing similar standards) ("**Exit Survey**") prepared by an independent third party state-certified professional with appropriate expertise, in a form reasonably acceptable to Landlord. The Exit Survey must confirm that the Lab Space is in a clean and safe condition and free and clear of any Hazardous Materials caused by Tenant or any Tenant Party. In addition, at least ten (10) days prior to Tenant's surrender of possession of any Lab Space, Tenant shall (i) provide Landlord with written evidence of all appropriate governmental releases obtained by Tenant in accordance with Environmental Laws (e.g., decommissioning of any radioactive licenses) and relating to any Hazardous Materials used at the Premises, and (ii) conduct a site inspection with Landlord. Landlord may require that Tenant provide a Phase I Environmental Site Assessment for the Project upon Tenant's surrender of the Premises in addition to the Exit Survey. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey (and Phase I as applicable) resulting from the acts or omissions of Tenant or the Tenant Parties in accordance with a remediation plan reasonably approved by Landlord. Tenant's obligations under this Section 29(e) shall survive the expiration or earlier termination of this Lease.

### **ARTICLE 30** **MISCELLANEOUS**

**(a) SEVERABILITY; ENTIRE AGREEMENT.** ANY PROVISION OF THIS LEASE WHICH SHALL PROVE TO BE INVALID, VOID, OR ILLEGAL SHALL IN NO WAY AFFECT, IMPAIR OR INVALIDATE ANY OTHER PROVISION HEREOF AND SUCH OTHER PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT. THIS LEASE AND THE EXHIBITS AND ANY ADDENDUM ATTACHED HERETO CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO WITH REGARD TO TENANT'S OCCUPANCY OR USE OF ALL OR ANY PORTION OF THE PROJECT, AND NO PRIOR AGREEMENT OR UNDERSTANDING PERTAINING TO ANY SUCH MATTER SHALL BE EFFECTIVE FOR ANY PURPOSE. NO PROVISION OF THIS LEASE MAY BE AMENDED OR SUPPLEMENTED EXCEPT BY AN AGREEMENT IN WRITING SIGNED BY THE

PARTIES HERETO OR THEIR SUCCESSOR IN INTEREST. THE PARTIES AGREE THAT ANY DELETION OF LANGUAGE FROM THIS LEASE PRIOR TO ITS MUTUAL EXECUTION BY LANDLORD AND TENANT SHALL NOT BE CONSTRUED TO HAVE ANY PARTICULAR MEANING OR TO RAISE ANY PRESUMPTION, CANON OF CONSTRUCTION OR IMPLICATION INCLUDING, WITHOUT LIMITATION, ANY IMPLICATION THAT THE PARTIES INTENDED THEREBY TO STATE THE CONVERSE, OBVERSE OR OPPOSITE OF THE DELETED LANGUAGE.

(b) Attorneys' Fees; Waiver of Jury Trial.

(i) In any action to enforce the terms of this Lease, including any suit by Landlord for the recovery of rent or possession of the Premises, the losing party shall pay the substantially prevailing party a reasonable sum for attorneys' fees and costs in such suit and such attorneys' fees and costs shall be deemed to have accrued prior to the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Tenant shall also reimburse Landlord for all costs incurred by Landlord in connection with enforcing its rights under this Lease against Tenant following a bankruptcy by Tenant or otherwise, including, without limitation, legal fees, experts' fees and expenses, court costs and consulting fees.

(ii) Should Landlord, without fault on Landlord's part, be made a party to any litigation instituted by Tenant or by any third party against Tenant, or by or against any person holding under or using the Premises by license of Tenant, or for the foreclosure of any lien for labor or material furnished to or for Tenant or any such other person or otherwise arising out of or resulting from any act or transaction of Tenant or of any such other person, Tenant covenants to save and hold Landlord harmless from any judgment rendered against Landlord or the Premises or any part thereof and from all costs and expenses, including reasonable attorneys' fees and costs incurred by Landlord in connection with such litigation.

(iii) TO THE EXTENT PERMITTED BY LAW, EACH PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION SEEKING SPECIFIC PERFORMANCE OF ANY PROVISION OF THIS LEASE, FOR DAMAGES FOR ANY BREACH UNDER THIS LEASE, OR OTHERWISE FOR ENFORCEMENT OF ANY RIGHT OR REMEDY HEREUNDER.

(c) Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease.

(d) Headings; Joint and Several. The article headings contained in this Lease are for convenience only and do not in any way limit or amplify any term or provision hereof. The terms "Landlord" and "Tenant" as used herein shall include the plural as well as the singular, the neuter shall include the masculine and feminine genders and the obligations herein imposed upon Tenant shall be joint and several as to each of the persons, firms or corporations of which Tenant may be composed.

(e) NO OPTION. THE SUBMISSION OF THIS LEASE BY LANDLORD, ITS AGENT OR REPRESENTATIVE FOR EXAMINATION OR EXECUTION BY TENANT DOES NOT CONSTITUTE AN OPTION OR OFFER TO LEASE THE PREMISES UPON THE TERMS AND CONDITIONS CONTAINED HEREIN OR A RESERVATION OF THE PREMISES IN FAVOR OF TENANT, IT BEING INTENDED HEREBY THAT THIS LEASE SHALL ONLY BECOME EFFECTIVE UPON THE EXECUTION HEREOF BY LANDLORD AND TENANT AND DELIVERY OF A FULLY EXECUTED LEASE TO TENANT.

(f) Rules and Regulations. Tenant shall observe faithfully and comply strictly with the rules and regulations ("**Rules and Regulations**") attached to this Lease as Exhibit "B" and made a part hereof, and such other Rules and Regulations as Landlord may from time to time reasonably adopt for the safety, care and cleanliness of the Project, the facilities thereof, or the preservation of good order therein; provided, however, no new Rules and Regulations shall materially diminish Tenant's rights hereunder nor materially increase Tenant's obligations hereunder. Landlord shall not be liable to Tenant for violation of any such Rules and Regulations, or for the breach of any covenant or condition in any lease by any other tenant in the Project. A waiver by Landlord of any Rule or Regulation for any other tenant shall not constitute nor be deemed a waiver of the Rule or Regulation for this Tenant.

(g) Quiet Possession. Upon Tenant's paying the Basic Rental, Additional Rent and other sums provided hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof, subject to all of the provisions of this Lease.

(h) Rent. All payments required to be made hereunder to Landlord shall be deemed to be rent, whether or not described as such.

(i) Successors and Assigns. Subject to the provisions of Article 15 hereof, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(j) Notices. All notices or other communications between the parties shall be in writing and shall be deemed duly given upon delivery or refusal to accept delivery by the addressee thereof if delivered in person, or upon actual receipt if delivered by reputable overnight guaranty courier, addressed and sent to the parties at the following addresses:

If to Landlord:

BRE WA OFFICE OWNER LLC  
c/o EQ Office  
19191 South Vermont, Suite 100  
Torrance, California 90502  
Attn: Regional Finance Group - MLA

with copies to:

BRE WA OFFICE OWNER LLC  
c/o EQ Office  
3100 Bristol Street, Suite 200  
Costa Mesa, California 92626  
Attn: Managing Counsel

and:

BRE WA OFFICE OWNER LLC  
c/o EQ Office  
233 South Wacker Drive, Suite 4700  
Chicago, Illinois 60606  
Attn: Lease Administration

If to Tenant:

LYELL IMMUNOPHARMA, INC.  
400 E. Jamie Ct., Suite 301  
South San Francisco, CA 94080  
Attn: Associate General Counsel

Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(k) Right of Landlord to Perform. All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent. If Tenant shall fail to pay any sum of money, other than rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue beyond any applicable cure period set forth in this Lease, Landlord may, but shall not be obligated to, without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as is in this Lease provided. All sums so paid by Landlord and all reasonable incidental costs, together with interest thereon at the rate specified in Section 20(e) above from the date of such payment by Landlord, shall be payable to Landlord on demand and Tenant covenants to pay any such sums, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of the rent.

(l) Signing Authority. Tenant represents and warrants that the person signing on behalf of Tenant is duly authorized to execute and deliver this Lease on behalf of said entity. Landlord represents and warrants that the person signing on behalf of Landlord is duly authorized to execute and deliver this Lease on behalf of said entity.

(m) Identification of Tenant. If Tenant constitutes more than one person or entity, (A) each of them shall be jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions and provisions of this Lease to be kept, observed and performed by Tenant, (B) the term "Tenant" as used in this Lease shall mean and include each of them jointly and severally, and (C) the act of or notice from, or notice or refund to, or the signature of, any one or more of them, with respect to the tenancy of this Lease, including, but not limited to, any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons or entities executing this Lease as Tenant with the same force and effect as if each and all of them had so acted or so given or received such notice or refund or so signed.

(n) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Washington. No conflicts of law rules of any state or country (including, without limitation, Washington conflicts of law rules) shall be applied to result in the application of any substantive or procedural laws of any state or country other than Washington. All controversies, claims, actions or causes of action arising between the parties hereto and/or their respective successors and assigns, shall be brought, heard and adjudicated by the courts of the State of Washington, with venue in the county in which the Project is located. Each of the parties hereto hereby consents to personal jurisdiction by the courts of the State of Washington in connection with any such controversy, claim, action or cause of action, and each of the parties hereto consents to service of process by any means authorized by Washington law and consent to the enforcement of any judgment so obtained in the courts of the State of Washington on the same terms and conditions as if such controversy, claim, action or cause of action had been originally heard and adjudicated to a final judgment in such courts. Each of the parties hereto further acknowledges that the laws and courts of Washington were freely and voluntarily chosen to govern this Lease and to adjudicate any claims or disputes hereunder.

(o) Office of Foreign Assets Control. Tenant certifies to Landlord that (i) Tenant is not entering into this Lease, nor acting, for or on behalf of any person or entity named as a terrorist or other banned or blocked person or entity pursuant to any law, order, rule or regulation of the United States Treasury Department or the Office of Foreign Assets Control and (ii) Tenant shall not assign this Lease or sublease to any such person or entity or anyone acting on behalf of any such person or entity. Landlord shall have the right to conduct all reasonable searches in order to ensure compliance with the foregoing. Tenant hereby agrees to indemnify, defend and hold Landlord and the Landlord Parties harmless from any and all claims arising from or related to any breach of the foregoing certification.

(p) Financial Statements. Within ten (10) business days after Tenant's receipt of Landlord's written request, Tenant shall provide Landlord with Tenant's most recent financial statements and, to the extent available, financial statements for the two (2) calendar or fiscal years (if Tenant's fiscal year is other than a calendar year) prior to the most recent financial statements. Any such statements shall be prepared in accordance with generally accepted accounting principles and, if the normal practice of Tenant, shall be audited by an independent certified public accountant. Landlord agrees that any financial statements delivered to Landlord under this Section 30(p) shall, unless available in the public domain, constitute confidential information of Tenant (and Tenant may require Landlord to execute a commercially reasonable confidentiality agreement prior to delivery), provided Tenant acknowledges and agrees that such financial statements may be disclosed by Landlord to Landlord's affiliates, attorneys, accountants and/or prospective lenders or purchasers so long as such parties agree to keep such information confidential.

(q) Exhibits. The Exhibits attached hereto are incorporated herein by this reference as if fully set forth herein.

(r) Independent Covenants. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent (and not dependent) and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to set off of any of the rent or other amounts owing hereunder against Landlord.



(s) Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement.

(t) Building C Lease. Landlord and Tenant acknowledge that concurrently with their execution and delivery of this Lease, they will be entering into a lease of Canyon Park East, Building C (the "**Building C Premises**") located at 22028 26<sup>th</sup> Avenue SE, Bothell, Washington 98021 (the "**Building C Lease**")

**ARTICLE 31**  
**OPTIONS TO EXTEND**

(a) Option Rights. Landlord hereby grants the Tenant named in this Lease (the "**Original Tenant**") two (2) options ("**Options**") to extend the Term for the entire Premises for a period of ninety (90) months each ("**Option Terms**"), which Options shall be exercisable only by written notice delivered by Tenant to Landlord as set forth below. The rights contained in this Article 31 shall be personal to the Original Tenant or to an Affiliated Assignee of the same, and may only be exercised by the Original Tenant or an Affiliated Assignee of the same (and not any assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) if the Original Tenant or such Affiliated Assignee occupies at least 75% of the Premises as of the date of Tenant's Acceptance (as defined in Section 31(c) below). In no event may Tenant exercise the second (2<sup>nd</sup>) Option unless the initial Term has been previously extended for the first (1<sup>st</sup>) Option Term.

(b) Option Rent. The rent payable by Tenant during the Option Terms ("**Option Rent**") shall be equal to the "Market Rent" (defined below), but in no event shall the Option Rent be less than Tenant is paying under the Lease on the month immediately preceding the Option Term for Monthly Basic Rental, including all escalations, Direct Costs, additional rent and other charges. "**Market Rent**" shall mean the applicable Monthly Basic Rental, including all escalations, Direct Costs, additional rent and other charges at which tenants, as of the commencement of the Option Term, are entering into leases for non-sublease space which is not encumbered by expansion rights and which is comparable in size, location and quality to the Premises in renewal transactions, for a term comparable to the Option Term, which comparable space is located in buildings comparable to the Project in Bothell, Washington. The Market Rent shall take into consideration the value of the existing improvements in the Premises to Tenant, as compared to the value of the existing improvements in such comparable space; provided, however, that any Improvements installed by Tenant in the Premises shall not be taken into consideration in determining the Market Rent except that Landlord's contribution toward the costs of such Improvements shall be taken into consideration in the determination of Market Rent.

(c) Exercise of Options. The Options shall be exercised by Tenant only in the following manner: (i) Tenant shall not be in default under this Lease on the delivery date of the Interest Notice and Tenant's Acceptance; (ii) Tenant shall deliver written notice ("**Interest Notice**") to Landlord not more than fifteen (15) months nor less than twelve (12) months prior to the expiration of the initial Term (or first Option Term, as applicable), stating that Tenant is interested in exercising the Option; (iii) within twenty (20) business days of Landlord's receipt of Tenant's written notice, Landlord shall deliver notice ("**Option Rent Notice**") to Tenant setting forth the Option Rent; and (iv) if Tenant desires to exercise such Option, Tenant shall provide Landlord written notice within twenty (20) business days after receipt of the Option Rent Notice ("**Tenant's Acceptance**") and upon, and concurrent with such exercise, Tenant may, at its option, object to the Option Rent contained in the Option Rent Notice. Tenant's failure to deliver the Interest Notice or Tenant's Acceptance on or before the dates specified above shall be deemed to constitute Tenant's election not to exercise the Option. If Tenant timely and properly exercises its Option, the initial Term (or first Option Term, as applicable) shall be extended for the Option Term upon all of the terms and conditions set forth in this Lease, except that the rent for the Option Term shall be as indicated in the Option Rent Notice unless Tenant, concurrently with Tenant's Acceptance, objects to the Option Rent contained in the Option Rent Notice, in which case the parties shall follow the procedure and the Option Rent shall be determined, as set forth in Section 31 (d) below.

(d) Determination of Market Rent. If Tenant timely and appropriately objects to the Market Rent in Tenant's Acceptance, Landlord and Tenant shall attempt to agree upon the Market Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within thirty (30) days following Tenant's Acceptance ("**Outside Agreement Date**"), then each party

shall make a separate determination of the Market Rent which shall be simultaneously submitted to each other and to arbitration in accordance with the following items (i) through (vii):

(i) Landlord and Tenant shall each appoint, within ten (10) days of the Outside Agreement Date, one arbitrator who shall by profession be a current real estate broker or appraiser of comparable commercial properties in the immediate vicinity of the Project, and who has been active in such field over the last ten (10) years. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Market Rent is the closest to the actual Market Rent as determined by the arbitrators, taking into account the requirements of item (b), above (i.e., the arbitrators may only select Landlord's or Tenant's determination of Market Rent and shall not be entitled to make a compromise determination).

(ii) The two (2) arbitrators so appointed shall within five (5) business days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators, except that the third (3rd) arbitrator shall not have represented Landlord or Tenant within the previous ten (10) years.

(iii) The three (3) arbitrators shall within fifteen (15) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Market Rent, and shall notify Landlord and Tenant thereof.

(iv) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(v) If either Landlord or Tenant fails to appoint an arbitrator within ten (10) days after the applicable Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(vi) If the two (2) arbitrators fail to agree upon and appoint a third (3<sup>rd</sup>) arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third (3<sup>rd</sup>) arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth in this item (d).

(vii) The cost of arbitration shall be paid by Landlord and Tenant equally.

### ARTICLE 32 SIGNAGE

Subject to this Article 32, Tenant shall be entitled to install, at its sole cost and expense, signage with Tenant's name on an exterior facade of the Project ("**Signage**"). The graphics, materials, size, color, design, lettering, lighting (if any), specifications and exact location of the Signage (collectively, the "**Signage Specifications**") shall be subject to the prior written approval of Landlord. In addition, the Signage and all Signage Specifications therefore shall be subject to Tenant's receipt of all required governmental permits and approvals, shall be subject to all applicable governmental laws and ordinances, and all covenants, conditions and restrictions affecting the Project. Landlord shall cooperate with Tenant (at no additional cost to Landlord) to secure any such required governmental permits and approvals. Tenant hereby acknowledges that, notwithstanding Landlord's approval of the Signage and/or the Signage Specifications therefor, Landlord has made no representations or warranty to Tenant with respect to the probability of obtaining such approvals and permits. In the event Tenant does not receive the necessary permits and approvals for the Signage, Tenant's and Landlord's rights and obligations under the remaining provisions of this Lease shall not be affected. The cost of installation of the Signage, as well as all costs of design and construction of such Signage and all other costs associated with such Signage, including, without limitation, permits, maintenance and repair, shall be the sole responsibility of Tenant. The rights to the Signage shall be personal to the Original Tenant and any assignee or subtenant of the entire Premises and may not otherwise be transferred. Should the Signage require maintenance or repairs as determined in Landlord's reasonable judgment, Landlord shall have the right to provide written notice thereof to Tenant and Tenant shall cause such repairs and/or maintenance to be performed within thirty (30) days after receipt of such notice from Landlord at Tenant's sole cost and expense, or at Tenant's election, Tenant may request Landlord to perform such repairs and/or maintenance, and Tenant shall reimburse Landlord for the cost of such work within thirty (30) days after Tenant's receipt of an invoice therefor together with reasonable supporting documentation. Should Tenant fail to perform such maintenance and repairs within the period described in the immediately preceding sentence, following notice to Tenant,

Landlord shall have the right to cause such work to be performed and to charge Tenant, as Additional Rent, for the cost of such work. Upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, cause the Signage to be removed from the exterior of the Project and shall cause the exterior of the Project to be restored to the condition existing prior to the placement of such Signage (reasonable wear and tear excepted). If Tenant fails to remove such Signage and to restore the exterior of the Project as provided in the immediately preceding sentence within thirty (30) days following the expiration or earlier termination of this Lease, then Landlord may perform such work, and all costs and expenses incurred by Landlord in so performing such work shall be reimbursed by Tenant to Landlord within thirty (30) days after Tenant's receipt of invoice therefor together with reasonable supporting evidence. The immediately preceding sentence shall survive the expiration or earlier termination of this Lease.

IN WITNESS WHEREOF, the parties have executed this Lease, consisting of the foregoing provisions and Articles, including all exhibits and other attachments referenced therein, as of the date first above written.

"LANDLORD"

BRE WA OFFICE OWNER LLC,  
a Delaware limited liability company

By:           /s/ Charles Hobey            
Print Name: Charles Hobey  
Title: Authorized Signatory

"TENANT"

LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation

By:           /s/ Richard Klausner            
Print Name: Richard Klausner  
Title: CEO

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }  
Country of Los Angeles

On August 28, 2019 before me, Marlene E. Gomez, Notary  
*Date Here Insert Name and Title of the Officer*

personally appeared Charles Hobey  
*Name(s) of Signer(s)*

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature /s/ Marlene Gomez  
*Signature of Notary Public*

**OPTIONAL**

*Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Corporate Officer - Title(s): \_\_\_\_\_
- Partner -  Limited  General
- Individual  Attorney in Fact
- Trustee  Guardian of Conservator
- Other: \_\_\_\_\_

- Corporate Officer - Title(s): \_\_\_\_\_
- Partner -  Limited  General
- Individual  Attorney in Fact
- Trustee  Guardian of Conservator
- Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

STATE OF WASHINGTON     )  
  )  
COUNTY OF King         )

I certify that I know or have satisfactory evidence that Richard Klausner is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the CEO of Lyell Immunopharma to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 8/23/19

(Seal or stamp)



/s/ Jade Rice

(Signature)

Jade Rice

(Name legibly printed or stamped)

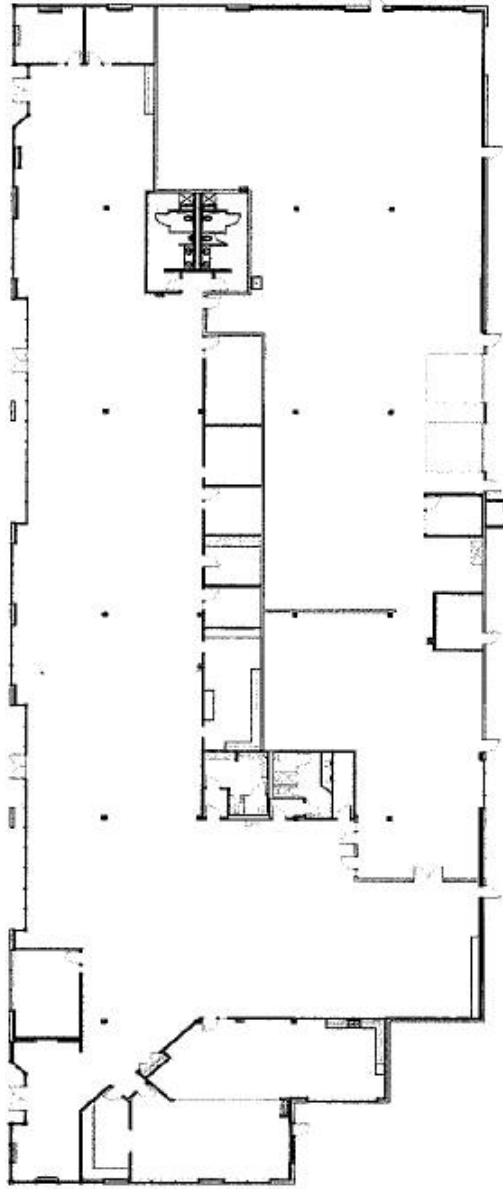
Notary Public in and for the State of Washington

residing at Seattle, WA

My appointment expires 4/23/21

**EXHIBIT "A"**

**PREMISES**



This Exhibit "A" is provided for informational purposes only and is intended to be only an approximation of the layout of the Premises and shall not be deemed to constitute any representation by Landlord as to the exact layout or configuration of the Premises.

EXHIBIT "A"

**EXHIBIT "A-1"**

**LEGAL DESCRIPTION OF PROPERTY**

TRACT 29E OF BINDING SITE PLAN RECORDED JANUARY 20, 1993 UNDER RECORDING NO. 9301205003, BEING A PORTION OF SECTION 29, TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M., IN SNOHOMISH COUNTY, WASHINGTON.

EXHIBIT "A-1"

**EXHIBIT "B"**

**RULES AND REGULATIONS**

1. No sign, advertisement or notice shall be displayed, printed or affixed on or to the Premises or to the outside or inside of the Project so as to be visible from outside the Project without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall have the right to remove any non-approved sign, advertisement or notice which is visible from outside the Project, upon notice to and at the expense of Tenant, and Landlord shall not be liable in damages for such removal.
2. The sidewalks and entrances of the Project shall not be obstructed by Tenant or used for any purpose other than for ingress and egress from Tenant's Premises.
3. Toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein.
4. Tenant shall keep any kerosene, gasoline or other inflammable, explosive or combustible fluid or material utilized or stored in the Premises in fire proof lockers and shall provide MSDS sheets to Landlord regarding any such explosive or combustible fluid or material in accordance with Article 28 of the Lease.
5. Any blinds, shades, awnings or screens installed in the Premises which are visible from the exterior of the Project shall be subject to prior review and approval by Landlord.
6. Tenant shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system by closing window coverings when the sun's rays fall directly on windows of the Premises. Tenant shall not obstruct, alter, or in any way impair the efficient operation of the heating, ventilating and air-conditioning system. Tenant shall participate in recycling programs undertaken by Landlord as part of Landlord's sustainability practices including, without limitation, the sorting and separation of its trash and recycling into such categories as required by such sustainability practices.
7. Tenant shall not, without Landlord's prior written consent, occupy or permit any portion of the Premises to be occupied or used for the manufacture or sale of liquor or tobacco in any form, or a barber or manicure shop, or as an employment bureau. The Premises shall not be used for lodging or sleeping or for any improper, objectionable or immoral purpose. No auction shall be conducted on the Premises.
8. Tenant shall not make, or permit to be made, any unseemly or disturbing noises, or disturb or interfere with neighboring buildings or premises or those having business with it by the use of any musical instrument, radio, phonographs or unusual noise, or in any other way.
9. No bicycles, vehicles or animals of any kind shall be brought into or kept in or about the Premises, and no cooking shall be done or permitted by any tenant in the Premises, except that the preparation of coffee, tea, hot chocolate and similar items for tenants, their employees and visitors shall be permitted. No tenant shall cause or permit any unusual or objectionable odors to be produced in or permeate from or throughout the Premises. The foregoing notwithstanding, Tenant shall have the right to use a microwave and to heat microwavable items typically heated in an office. No hot plates, toasters, toaster ovens or similar open element cooking apparatus shall be permitted in the Premises.
10. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in existing locks or the mechanisms thereof unless Landlord is first notified thereof, gives written approval, and is furnished a key therefor. Each tenant must, upon the termination of his tenancy, give to Landlord all keys and key cards of stores, offices, or toilets or toilet rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys so furnished, such tenant shall pay Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change. If more than two keys for one lock are desired, Landlord will provide them upon payment therefor by Tenant. Tenant shall not key or re-key any locks. All locks shall be keyed by Landlord's locksmith only.

EXHIBIT "B"



11. Canvassing, soliciting and peddling in the Development are prohibited and each tenant shall cooperate to prevent the same.
12. Parking.
  - (a) Subject to Landlord's reasonable security requirements, repairs made by Landlord to the Project and Articles 16 and 18 of the Lease, Tenant shall have access to the Project parking facility twenty-four (24) hours per day, seven (7) days per week throughout the Term.
  - (b) Automobiles must be parked entirely within the stall lines on the floor.
  - (c) All directional signs and arrows must be observed.
  - (d) The speed limit shall be 5 miles per hour.
  - (e) Parking is prohibited in areas not striped for parking.
  - (f) Landlord (and its operator) may refuse to permit any person who violates the within rules to park in the Project parking facility, and any violation of the rules shall subject the automobile to removal from the Project parking facility at the parker's expense.
  - (g) Project parking facility managers or attendants are not authorized to make or allow any exceptions to these Rules and Regulations.
  - (h) All responsibility for any loss or damage to automobiles or any personal property therein is assumed by the parker.
  - (i) The parking facilities are for the sole purpose of parking one automobile per space. Washing, waxing, cleaning or servicing of any vehicles by the parker or his agents is prohibited.
  - (j) Landlord (and its operator) reserves the right to refuse the issuance of monthly stickers or other parking identification devices to any Tenant and/or its employees who refuse to comply with the above Rules and Regulations and all City, State or Federal ordinances, laws or agreements.
  - (k) Tenant agrees to acquaint all employees with these Rules and Regulations.
  - (l) No vehicle shall be stored in the Project parking facility for a period of more than one (1) week.
13. The Project is a non-smoking Project, Smoking or carrying lighted cigars or cigarettes in the Premises or the Project, including the elevators in the Project, is prohibited.
14. Tenant shall not, without Landlord's prior written consent (which consent may be granted or withheld in Landlord's absolute discretion), allow any employee or agent to carry any type of gun or other firearm in or about the Project.

EXHIBIT "B"

**EXHIBIT "C"**

**NOTICE OF TERM DATES  
AND TENANT'S PROPORTIONATE SHARE**

TO: \_\_\_\_\_ DATE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RE: Lease dated \_\_\_\_\_, 20\_\_\_\_, between \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (**"Landlord"**), and \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (**"Tenant"**), concerning Suite \_\_\_\_\_,  
located at \_\_\_\_\_  
\_\_\_\_\_

Ladies and Gentlemen:

In accordance with the Lease, Landlord wishes to advise and/or confirm the following:

1. That the Premises have been accepted herewith by the Tenant as being substantially complete in accordance with the Lease and that there is no deficiency in construction.
2. That the Tenant has taken possession of the Premises and acknowledges that under the provisions of the Lease the Term of said Lease shall commence as of \_\_\_\_\_ for a term of \_\_\_\_\_ ending on \_\_\_\_\_.
3. That in accordance with the Lease, Basic Rental commenced to accrue on \_\_\_\_\_.
4. If the Commencement Date of the Lease is other than the first day of the month, the first billing will contain a prorata adjustment. Each billing thereafter shall be for the full amount of the monthly installment as provided for in said Lease.
5. Rent is due and payable in advance on the first day of each and every month during the Term of said Lease. Your rent checks should be made payable to \_\_\_\_\_ at \_\_\_\_\_.
6. The exact number of rentable square feet within the Premises is \_\_\_\_\_ square feet.
7. Tenant's Proportionate Share, as adjusted based upon the exact number of rentable square feet within the Premises is 100%.

AGREED AND ACCEPTED:

TENANT:

\_\_\_\_\_  
\_\_\_\_\_

a \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT "D"**

**TENANT WORK LETTER**  
**(Lyell ImmunoPharma, Inc.)**

This Tenant Work Letter shall set forth the terms and conditions relating to the renovation of the tenant improvements in the Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise.

**SECTION 1**

**LANDLORD'S INITIAL CONSTRUCTION IN THE PREMISES**

Landlord has constructed, at its sole cost and expense, the base, shell and core of the Premises (the "**Base, Shell and Core**"). Tenant has inspected and hereby approves the condition of the Premises and the Base, Shell and Core, and agrees that the Premises and the Base, Shell and Core shall be delivered to Tenant in their current "as-is" condition. The renovations to the improvements in the Premises shall be designed and constructed pursuant to this Tenant Work Letter.

**SECTION 2**

**IMPROVEMENTS**

2.1 **Improvement Allowance**. Tenant shall be entitled to a one-time allowance (the "**Improvement Allowance**") in the amount of \$653,300.00 (based on \$23.50 per rentable square foot of the Premises) for the costs of design and construction of Tenant's improvements which are permanently affixed to the Premises (the "**Improvements**") and the other Improvement Allowance Items described in Section 2.2 below. In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Improvement Allowance and in no event shall Tenant be entitled to any credit for any portion of the Improvement Allowance not used by Tenant by December 31, 2020.

2.2 **Disbursement of the Allowances**. The Improvement Allowance shall be disbursed by Landlord pursuant to Landlord's disbursement process provided below. The Improvement Allowance may be used for costs related to the construction of the Improvements and for the following items and costs (collectively, the "**Improvement Allowance Items**"): (i) payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the review of the "Construction Drawings," as that term is defined in Section 3.1 of this Tenant Work Letter (which may be incurred with respect to specialty Improvements or Improvements that present unique engineering issues); (ii) the cost of permits and construction supervision fees; (iii) the cost of any changes in the Base, Shell and Core required by the Construction Drawings; and (iv) the cost of any changes to the Construction Drawings or Improvements required by applicable building codes (the "**Code**"). However, Landlord shall not charge a fee for supervision, coordination, profit or overhead. During the construction of the Improvements, Landlord shall make monthly disbursements of the Improvement Allowance for the items described in Section 2.1 above and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.1 **Monthly Disbursements**. Not more often than once a month during the construction of the Improvements, Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises; (iii) executed conditional mechanic's lien releases from all of Tenant's Agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of Washington law; and (iv) all other information necessary to confirm payment by Tenant of the costs of the Improvements and/or compliance of the work with the "Approved Working Drawings" (as defined in Section 3.4 below), as reasonably requested by Landlord. Thereafter, Landlord shall deliver a

check in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the **“Final Retention”**), and (B) the balance of any remaining available portion of the Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the **“Approved Working Drawings,”** as that term is defined in Section 3.4 below, or due to any substandard work, or for failure of Tenant to pay the amount due for the work. Landlord’s payment of such amounts shall not be deemed Landlord’s approval or acceptance of the work furnished or materials supplied as set forth in Tenant’s payment request.

2.2.2 **Final Retention.** Subject to the provisions of this Tenant Work Letter, a check for the Final Retention payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with Washington law from all parties supplying labor or materials for the construction of the Improvements in an amount in excess of \$10,000.00, (ii) Landlord has determined that no substandard work exists which adversely affects (a) the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Project (as such utilities and systems are contemplated in the Approved Working Drawings), (b) the curtain wall of the Project, or (c) the structure of the Project and (iii) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Improvements in the Premises has been substantially completed.

2.2.3 **Other Terms.** Landlord shall only be obligated to make disbursements from the Improvement Allowance to the extent costs are incurred by Tenant for the items described in Section 2.1 above. All Improvements shall be deemed Landlord’s property. If the total estimated cost of Improvement Allowance Items exceeds the Improvement Allowance, Tenant shall be required to first fund such excess prior to the commencement of Landlord’s obligation to fund the Improvement Allowance and Landlord may require reasonable evidence that Tenant has funded such excess prior to Landlord’s disbursement of the Improvement Allowance.

### SECTIONS 3

#### CONSTRUCTION DRAWINGS

3.1 **Selection of Architect/Construction Drawings.** Tenant shall retain an architect/space planner reasonably approved by Landlord (the **“Architect”**) to prepare the **“Construction Drawings,”** as that term is defined in this Section 3.1. The following architects/space planners are pre-approved by Landlord; SABArchitects, Perkins+Will, Flad Architects, and CRB Engineers. Tenant shall also retain engineering consultants reasonably approved by Landlord (the **“Engineers”**) to prepare **all** plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC and life safety work of the Improvements. The following engineering consultants are pre-approved: Affiliated Engineers Inc. (AEI), DCI Engineers, KPFF, Fisher Marantz Stone, JGL Acoustics, Santec, Integrated Engineering Services, and Occupational Services Inc. (OSI). Tenant shall require the Engineers to determine that Tenant’s contemplated Improvements and equipment will not exceed the floor load of the Premises. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the **“Construction Drawings.”** All Construction Drawings shall comply with the drawing format and specifications as reasonably determined by Landlord, and shall be subject to Landlord’s reasonable approval. Notwithstanding the foregoing or anything to the contrary contained the Lease or this Tenant Work Letter, the **“Core TI Components”** referenced in Schedule 1 to this Tenant Work Letter attached hereto and incorporated herein, are approved by Landlord and, without limitation, Landlord shall not reject Construction Drawings or portions thereof which are generally consistent with, or logical evolutions or refinements of, the Core TI Components. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord’s review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord’s review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord’s space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

EXHIBIT “D”

3.2 Space Plan. Tenant and the Architect shall prepare the space plan for Improvements in the Premises (collectively, the **“Space Plan”**), which Space Plan shall include a preliminary layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver a copy of the Space Plan to Landlord. Landlord shall have the right to review and approve or reasonably disapprove any elements in the Space Plan that are not consistent with, or logical evolutions or refinements of, either the approved Construction Drawings or the Core TI Components; provided that Landlord’s approval shall not be unreasonably withheld, conditioned or delayed.

3.3 Working Drawings. Upon receipt of Landlord’s approval of the Final Space Plan, Tenant shall cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and the final architectural working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the **“Working Drawings”**) and shall deliver a copy of the Working Drawings to Landlord. Landlord shall have the right to review and approve or reasonably disapprove any elements of the Working Drawings that are not consistent with, or logical evolutions or refinements of, either the approved Space Plan or the Core TI Components; provided that Landlord’s approval shall not be unreasonably withheld, conditioned or delayed.

3.4 Permits. The approved Working Drawings shall be delivered to Landlord (the **“Approved Working Drawings”**) prior to the commencement of the construction of the Improvements. Tenant shall cause the Architect to immediately submit the Approved Working Drawings to the appropriate municipal authorities for all applicable building permits necessary to allow **“Contractor,”** as that term is defined in Section 4.1, below, to commence and fully complete the construction of the Improvements (the **“Permits”**). At the written request of Tenant, Landlord shall offer reasonable cooperation with Tenant’s permitting efforts, provided the same does not create any liability for Landlord and that reasonable third-party expenses incurred by Landlord in connection therewith (if any) are reimbursed promptly by Tenant after demand from Landlord. No changes, modifications or alterations in the Approved Working Drawings that represent material changes, not consistent with, or logical extensions or refinements of, the elements in plans previously approved by Landlord (or for which no approval was required) or the Core TI Components, may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

## SECTION 4

### CONSTRUCTION OF THE IMPROVEMENTS

4.1 Contractor. A general contractor shall be retained by the Tenant to construct the Improvements. Such general contractor (**“Contractor”**) shall be selected by the Tenant and reasonably approved by Landlord. The following general contractors are pre-approved by Landlord: BNBuilders, Skanska, Lease Crutcher Lewis, and DPR.

4.2 Tenant’s Agents. All subcontractors, laborers, materialmen, and suppliers used by the Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as **“Tenant’s Agents”**) must be reasonably approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed. If Landlord does not approve any of the Tenant’s proposed subcontractors, laborers, materialmen or suppliers, the Tenant shall submit other proposed subcontractors, laborers, materialmen or suppliers for Landlord’s written reasonable approval.

4.3 Construction of Improvements by Contractor. The Tenant shall independently retain, in accordance with Section 4.1 above, Contractor to construct the Improvements in accordance with the Approved Working Drawings. Tenant, the Contractor and all of Tenant’s Agents shall abide by Landlord’s construction rules and regulations.

EXHIBIT “D”

#### 4.4 Indemnification & Insurance.

4.4.1 Indemnity. Tenant's indemnity of Landlord as set forth in Article 13 of the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Tenant's design and construction of the Improvements.

4.4.2 Requirements of Tenant's Agents. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. All such warranties or guarantees as to materials or workmanship of or with respect to the Improvements shall be contained in the contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either; provided, however, that Landlord agrees not to enforce any such guarantees and warranties unless the Lease has been terminated due to an Event of Default. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

#### 4.4.3 Insurance Requirements.

4.4.3.1 General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 14 of this Lease.

4.4.3.2 Special Coverages. Prior to commencement of construction, Tenant shall provide Landlord with a copy of the "Builder's All Risk" insurance policy covering the construction of the Improvements. Prior to commencement of construction, Tenant shall provide Landlord with a copy of the Tenant's construction contract with the Contractor and a certificate of Tenant's Builders All-Risk coverage.

4.4.3.3 General Terms. Certificates for all insurance carried pursuant to this Section 4.4.3 shall be delivered to Landlord before the commencement of construction of the Improvements and before the Contractor's equipment is moved onto the site. In the event that the Improvements are damaged by any cause during the course of the construction thereof, Tenant shall repair the same at no cost and expense to Landlord.

### SECTION 5

#### MISCELLANEOUS

5.1 Tenant's Representative. The Tenant has designated Geoff Quinn and Eric Westover as its representatives with respect to the matters set forth in this Tenant Work Letter, each of whom, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 Landlord's Representative. Landlord has designated Lisa Foyston as its representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to the Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

EXHIBIT "D"

**SCHEDULE 1 TO TENANT WORK LETTER**  
**CORE TI COMPONENTS**

Tenant improvements, at a minimum, are expected to include the following scope\*:

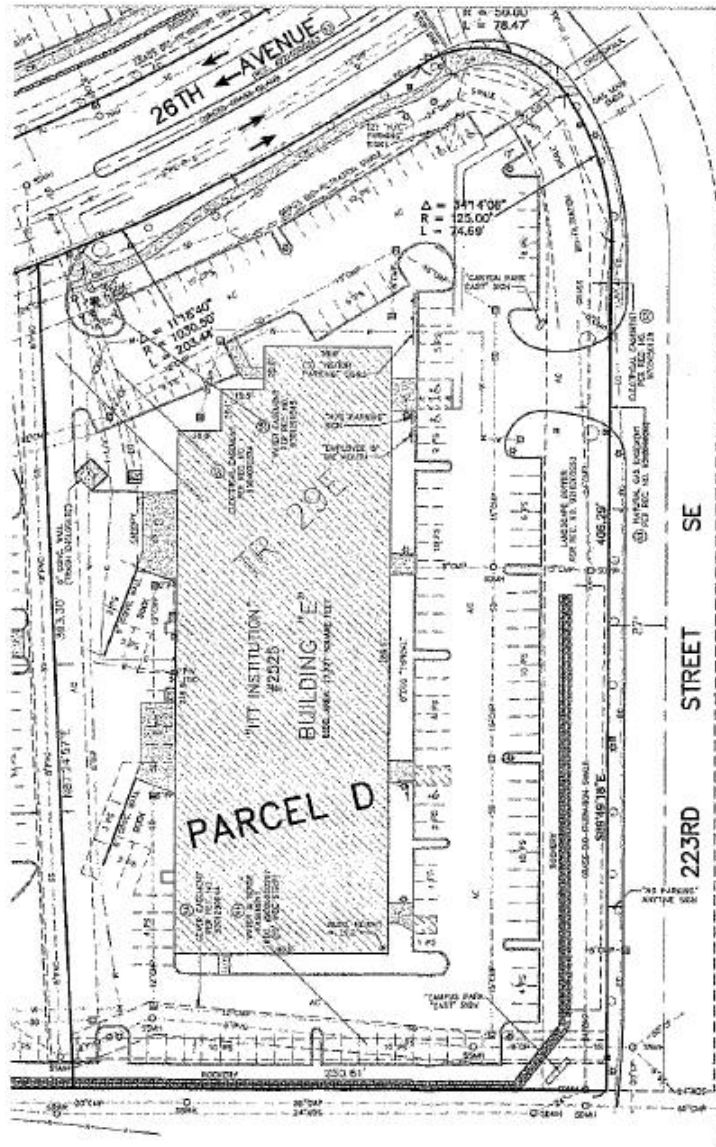
- Comprehensive utility infrastructure upgrade including; new air handlers, chillers, boilers, exhaust fans, and associated HVAC equipment, new emergency generators, UPS's, and switchgear, bulk LN2 and compressed gas manifolds and distribution, and new central building management system (BMS).
- Installation of internal mezzanines/platforms required to support installation of new utilities, including all necessary structural modifications to existing slab and/or structure.
- Buildout of cleanrooms and support spaces necessary to conduct Lyell's manufacturing operations, including lockers, corridors, airlocks, and processing suites.
- Buildout of testing and development laboratories.
- Buildout of warehousing, shipping/receiving, and storage areas, including any necessary cold rooms, warm rooms, and controlled environments
- Buildout of office and administration spaces, including conference rooms, lobbies, break rooms, and lounges.
- Installation of security system(s), including access control and badging, CCTV/security cameras, and alarms.

\* As indicated in Section 9(e) of the Lease, Landlord will specify, at the time of Landlord's consent to Working Drawings, which items must be removed by Tenant from the Premises upon the expiration or earlier termination of the Lease.

SCHEDULE 1 TO TENANT WORK LETTER

**EXHIBIT "E"**

**PARKING STALLS**



**EXHIBIT "E"**



**LEASE**

by and between

BMR-500 FAIRVIEW AVENUE LLC,  
a Delaware limited liability company,  
as Landlord,

and

LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation,  
as Tenant

---

## Table of Contents

1.	Lease of Premises	1
2.	Basic Lease Provisions	2
3.	Term	5
4.	Possession and Commencement Date	5
5.	Condition of Premises	9
6.	Rentable Area	10
7.	Rent	10
8.	Abatement	11
9.	Operating Expenses	11
10.	Taxes on Tenant's Property	17
11.	Security Deposit	17
12.	Use	22
13.	Rules and Regulations, CC&Rs, Parking Facilities and Common Area	24
14.	Project Control by Landlord	25
15.	Quiet Enjoyment	26
16.	Utilities and Services	26
17.	Alterations	30
18.	Repairs and Maintenance	33
19.	Liens	34
20.	Estoppel Certificate	35
21.	Hazardous Materials	35
22.	Odors and Exhaust	39
23.	Insurance	40
24.	Damage or Destruction	44
25.	Eminent Domain	47
26.	Surrender	48
27.	Holding Over	49
28.	Indemnification and Exculpation	49
29.	Assignment or Subletting	51
30.	Subordination and Attornment	55
31.	Defaults and Remedies	56

32.	Bankruptcy	62
33.	Brokers	62
34.	Definition of Landlord	63
35.	Limitation of Landlord's Liability	63
36.	Intentionally Omitted	64
37.	Representations	64
38.	Confidentiality	65
39.	Notices	65
40.	Miscellaneous	66
41.	Options to Extend Term	70

## LEASE

THIS LEASE (this "Lease") is entered into as of this 27th day of November, 2018 (the "Execution Date"), by and between BMR-500 FAIRVIEW AVENUE LLC, a Delaware limited liability company, as landlord ("Landlord"), and LYELL IMMUNOPHARMA, INC., a Delaware corporation, as tenant ("Tenant").

## RECITALS

A. WHEREAS, Landlord leases certain real property described on Exhibit A-1 attached hereto (together with adjacent real property owned or leased by Landlord, the "Property") located at 500 Fairview Avenue North, Seattle, Washington 98109, including the building located thereon (the "Building"); and

B. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, (i) approximately 13,976 rentable square feet of space located on the second (2nd) floor of the Building (the "Second Floor Premises"); and (ii) approximately 19,856 rentable square feet of space located on the fifth (5th) floor of the Building (the "Fifth Floor Premises"), and together with the Second Floor Premises, collectively, the "Premises"), pursuant to the terms and conditions of this Lease, as detailed below.

## AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

### 1. Lease of Premises.

1.1. Effective on the Term Commencement Date (as defined below), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, as shown on Exhibit A attached hereto, for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses. The Property and all landscaping, parking facilities, private drives and other improvements and appurtenances related thereto, including the Building and that certain adjacent building owned or leased by Landlord located at 530 Fairview Avenue North, Seattle, Washington, are hereinafter collectively referred to as the "Project." All portions of the Building that are for the non-exclusive use of the tenants of the Building only, and not the tenants of the Project generally, such as service corridors, stairways, elevators, public restrooms and public lobbies (all to the extent located in the Building), are hereinafter referred to as "Building Common Area." All portions of the Project that are for the non-exclusive use of tenants of the Project generally, including driveways, sidewalks, parking areas, landscaped areas, and service corridors, stairways, elevators, public restrooms and public lobbies, are hereinafter referred to as "Project Common Area." The Building Common Area and Project Common Area are collectively referred to herein as "Common Area."

2. **Basic Lease Provisions.** For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. This Lease shall take effect upon the Execution Date and, except as specifically otherwise provided within this Lease, each of the provisions hereof shall be binding upon and inure to the benefit of Landlord and Tenant from the date of execution and delivery hereof by all parties hereto.

2.2. In the definitions below, each current Rentable Area (as defined below) is expressed in square feet. Rentable Area and “Tenant’s Pro Rata Share” are both subject to adjustment as provided in this Lease.

<u>Definition or Provision</u>	<u>Means the Following (As of the Term Commencement)</u>
Approximate Rentable Area of the Premises	33,832 rentable square feet
Approximate Rentable Area of the Building	123,838 rentable square feet
Approximate Rentable Area of the Project	223,293 rentable square feet
Tenant’s Pro Rata Share of the Building	27.32%
Tenant’s Pro Rata Share of the Project	15.15%

2.3. Monthly and annual installments of Base Rent for the Premises ("Base Rent") as of the Rent Commencement Date (as defined below) for the Initial Term (as defined below) shall be as follows:

<u>Dates</u>	<u>Square Feet of Rentable Area</u>	<u>Base Rent per Square Foot of Rentable Area</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
Term Commencement Date - Month 12 <sup>1</sup>	33,832	\$ 58.00 annually	\$163,521.33	\$1,962,256.00
Months 13 - 24	33,832	\$ 59.74 annually	\$168,426.97	\$2,021,123.68
Months 25 - 36	33,832	\$ 61.53 annually	\$173,473.58	\$2,081,682.96
Months 37 - 48	33,832	\$ 63.38 annually	\$178,689.35	\$2,144,272.16
Months 49 - 60	33,832	\$ 65.28 annually	\$184,046.08	\$2,208,552.96
Months 61 - 72	33,832	\$ 67.24 annually	\$189,571.97	\$2,274,863.68
Months 73 - 84	33,832	\$ 69.26 annually	\$195,267.03	\$2,343,204.32
Months 85 - 96	33,832	\$ 71.34 annually	\$201,131.24	\$2,413,574.88
Months 97 - 108	33,832	\$ 73.48 annually	\$207,164.61	\$2,485,975.36
Months 109 - 120	33,832	\$ 75.68 annually	\$213,367.15	\$2,560,405.76

<sup>1</sup> Subject to the Abatement Amount credited to Tenant during the Abatement Period as set forth in, and subject to, Section 8 hereof.

2.4. Initial Term: 10 years

2.5. Term Commencement Date: January 1, 2019

2.6. Term Expiration Date: December 31, 2028

2.7. Security Deposit: \$490,563.99, subject to increase in accordance with the terms hereof

2.8. Permitted Use: Office, research and development, and laboratory use (including designing, generating, producing and analyzing immunopharma tests and results, and conducting engineering/manufacturing of patient cells, but specifically excluding any tests or trials that require patients to be on-site at the Premises) in conformity with all federal, state, municipal and local laws, codes, ordinances, rules and regulations of Governmental Authorities (as defined below), or other regulatory committees, agencies or governing bodies having jurisdiction over the Premises, the Building, the Property, the Project, Landlord or Tenant, including both statutory and common law and hazardous waste rules and regulations ("Applicable Laws")

2.9. Address for Rent Payment:

BMR- 500 FAIRVIEW AVENUE LLC  
 Attention Entity 251  
 P.O. Box 511387  
 Los Angeles, California 90051-7942

2.10. Address for Notices to Landlord:

BMR-500 FAIRVIEW AVENUE LLC  
17190 Bernardo Center Drive  
San Diego, California 92128  
Attn: Legal Department

2.11. Address for Notices to Tenant:

LYELL IMMUNOPHARMA, INC.  
883 Robb Road  
Palo Alto, CA 94306  
Attn: Akira Matsuno, CFO & Head of Corporate Development

With required copy to:

LYELL IMMUNOPHARMA, INC.  
500 Fairview Avenue North, Suite 5000  
Seattle, WA 98109  
Attn: Akira Matsuno, CFO & Head of Corporate Development

With required copy to:

Cairncross & Hempelmann  
524 Second Ave, Suite 500  
Seattle, WA 98104  
Attn: Ryan McFarland

2.12. Address for Invoices to Tenant:

LYELL IMMUNOPHARMA, INC.  
883 Robb Road  
Palo Alto, CA 94306  
Attn: Akira Matsuno, CFO & Head of Corporate Development

With required copy to:

LYELL IMMUNOPHARMA, INC.  
500 Fairview Avenue North, Suite 5000  
Seattle, WA 98109  
Attn: Akira Matsuno, CFO & Head of Corporate Development

2.13. The following Exhibits are attached hereto and incorporated herein by reference:

Exhibit A	Premises
Exhibit A-1	Property
Exhibit B	Work Letter
Exhibit B-1	Tenant Work Insurance Schedule
Exhibit C	Form of Additional TI Allowance Acceptance Letter
Exhibit D	Form of Letter of Credit
Exhibit E	Rules and Regulations
Exhibit F	Tenant's Personal Property
Exhibit G	Form of Estoppel Certificate
Exhibit H	Tenant Standby Generator Location
Exhibit I	Tenant Air Handler Location

3. Term. The actual term of this Lease (as the same may be extended pursuant to Article 42 hereof, and as the same may be earlier terminated in accordance with this Lease, the "Term") shall commence on the Term Commencement Date and end on the Term Expiration Date that is One Hundred Twenty Months (120) months after the Term Commencement Date, subject to extension or earlier termination of this Lease as provided herein.

4. Possession and Commencement Date.

4.1. Landlord shall use diligent, commercially reasonable, efforts to tender possession of the Premises to Tenant on the Term Commencement Date, with the work in the Fifth Floor Premises (the "Fifth Floor Tenant Improvements") to be performed by Landlord as described in Section 2 of the Work Letter attached hereto as Exhibit B (the "Work Letter") Substantially Complete (as defined in the Work Letter). Tenant agrees that in the event such work is not Substantially Complete on or before the Term Commencement Date for any reason other than a default by Landlord beyond applicable notice and cure periods under this Lease, then (a) this Lease shall not be void or voidable, (b) Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, (c) neither the Term Commencement Date nor the Term Expiration Date shall be extended, and (d) Tenant shall be responsible for the payment of Base Rent, subject to the monthly Base Rent abatement during the Abatement Period set forth in Section 8, and payment of Additional Rent (as defined below), in each case notwithstanding such delay, in accordance with the terms hereof. Tenant's Authorized Representative shall be allowed to attend construction meetings and to monitor the progress of Landlord's work prior to delivery of the Premises and Landlord shall reasonably update and cooperate with Tenant (at no material cost to Landlord) so Tenant can plan for any likely delivery delay. Landlord shall cause the Fifth Floor Tenant Improvements to be constructed in the Premises pursuant to the Work Letter at a total maximum cost to Tenant of Two Million Four Hundred Thousand and 00/100 Dollars (\$2,400,000.00) (such amount, the "Fifth Floor Tenant Contribution"), provided that Tenant shall also be liable and responsible for any increased cost over and above the aggregate budgeted cost to construct the Fifth Floor Tenant Improvements of Five Million Nine Hundred Three Thousand Eight Hundred Sixty-Two and 00/100 Dollars (\$5,903,862.00) (the "Fifth Floor Budgeted TI Cost") (which Fifth Floor Budgeted TI Cost includes, and is not in addition to, the Fifth Floor Tenant Contribution), to the extent that any such increased cost arises from either (i) a Fifth



Floor TI Change (as defined in the Work Letter) requested by Tenant and approved by Landlord in accordance with Section 2.2 of the Work Letter, or (ii) an act or omission of Tenant or any of Tenant's construction manager, contractors, subcontractors or agents that constitutes negligence or willful misconduct or a breach of the Lease (such increased cost, a "Fifth Floor Tenant Increase Amount"). Tenant shall pay, by wire transfer of immediately available funds to Landlord, the Fifth Floor Tenant Contribution within five (5) business days after the Execution Date (the "Tenant Contribution Deadline"); provided, however, if Tenant requests that Landlord disburse all or a portion of the Additional TI Allowance (as defined below) to be applied to the cost of construction of the Fifth Floor Tenant Improvements, by delivering to Landlord a letter in the form attached as Exhibit C hereto executed by an authorized officer of Tenant pursuant to Section 4.3, which request must be made by Tenant, if at all, no later than two (2) business days after the Execution Date, then such Additional TI Allowance requested by Tenant for the Fifth Floor Improvements will be credited against and deducted from the Fifth Floor Tenant Contribution, in which case Tenant shall wire to Landlord in immediately available funds, no later than five (5) business days after the Executive Date, the amount calculated by subtracting the amount of the Additional TI Allowance requested by Tenant for the Fifth Floor Tenant Improvements from the Fifth Floor Tenant Contribution. Tenant may elect to deliver the signed Exhibit C letter to Landlord along with Tenant's signed counterparts of this Lease, and if Tenant so elects, Tenant shall not be required to also deliver said letter pursuant to the Lease notice provisions. Tenant shall pay any Fifth Floor Tenant Increase Amount no later than thirty (30) days after receipt of an invoice from Landlord therefor, with any reasonable supporting documentation. If Tenant fails to request all or a portion of the Additional TI Allowance to be applied to the cost of construction of the Fifth Floor Tenant Improvements by the date that is two (2) business days after the Execution Date in accordance with this paragraph, then Tenant shall have no further right to request any disbursement of the Additional TI Allowance for the Fifth Floor Tenant Improvements, except that if Landlord delivers to Tenant an invoice for a Fifth Floor Tenant Increase Amount, and if there is any Additional TI Allowance that remains available and undisbursed at such time, then Tenant may request that all or a portion of such available and undisbursed Additional TI Allowance be applied to pay the Fifth Floor Tenant Increase Amount, which request must be made, if at all, by delivering to Landlord a letter in the form attached as Exhibit C hereto executed by an authorized officer of Tenant pursuant to Section 4.3 no later than thirty (30) days after Landlord's delivery of the invoice for such Fifth Floor Tenant Increase Amount. For clarification purposes, Tenant will not be obligated to submit a separate Fund Request (as defined in the Work Letter) for any of the Additional TI Allowance that Tenant requests to be applied to the cost of the Fifth Floor Tenant Improvements in accordance with this paragraph. The Fifth Floor Tenant Contribution and any Fifth Floor Tenant Increase Amount shall be deemed Rent for all purposes under this Lease, and if Tenant fails to timely deposit the Fifth Floor Tenant Contribution with Landlord by the Tenant Contribution Deadline or fails to timely pay any Fifth Floor Tenant Increase Amount (or fails to timely request that any remaining and available Additional TI Allowance be applied to such Fifth Floor Tenant Increase Amount) within thirty (30) days after delivery of an invoice therefor, as required by this paragraph, then it shall constitute a default in the payment of Rent pursuant to Section 31.4(b) below (in each case, a "Fifth Floor Tenant Contribution Rent Default"), and in addition to (and not in limitation of) all of the rights and remedies set forth in this Lease for nonpayment of Rent, which will be available to Landlord for a Fifth Floor Tenant Contribution

Rent Default under Article 31 of this Lease, at law or in equity (including, but not limited to, the right to assess interest at the Default Rate and the right to assess a late charge), Landlord may elect, in its sole and absolute discretion, to immediately stop all work on the Fifth Floor Tenant Improvements and shall have no obligation to construct the Fifth Floor Tenant Improvements unless and until Tenant cures such Fifth Floor Tenant Contribution Rent Default. For clarification purposes, any increase over and above the Fifth Floor Budgeted TI Cost arising from any Fifth Floor Tenant Contribution Rent Default shall be a Fifth Floor Tenant Increase Amount, for which Tenant shall be solely liable and responsible pursuant to this paragraph. Tenant's total obligation for the cost of the Fifth Floor Tenant Improvements shall equal the Fifth Floor Tenant Contribution plus any Fifth Floor Tenant Increase Amounts. Time shall be of the essence with respect to each and every time period and deadline set forth in this paragraph, and in no event shall any of such time periods or deadlines be extended for any reason whatsoever, including any event of Force Majeure. No sums are owed to Landlord for Landlord's oversight or review of the Fifth Floor Tenant Improvements.

4.2. Tenant shall cause the work required of Tenant (the "Second Floor Tenant Improvements", and together with the Fifth Floor Tenant Improvements, collectively, the "Tenant Improvements") described in the Work Letter to be constructed in the Second Floor Premises pursuant to the Work Letter at Tenant's sole cost and expense; provided Landlord shall provide a tenant improvement allowance to Tenant in connection with the Second Floor Tenant Improvements not to exceed (a) One Million One Hundred Seventy-Four Thousand Nine Hundred Sixty-Two and 32/100 Dollars (\$1,174,962.32) (based upon \$84.07 per square foot of Rentable Area (as defined below) of the Second Floor Premises) (the "Second Floor TI Allowance"). The Second Floor TI Allowance shall be provided to Tenant in connection with the Second Floor Tenant Improvements in the manner set forth in Section 7.1 of the Work Letter. No sums are owed to Landlord for Landlord's oversight or review of the Second Floor Tenant Improvements other than the project review fee referenced in Section 4.3 below.

4.3. Tenant, may request from Landlord, and, if properly requested by Tenant pursuant to Section 4.1, Landlord shall make available to Tenant, an additional tenant improvement allowance not to exceed an aggregate amount of One Million Three Hundred Fifty-Three Thousand Two Hundred and Eighty and 00/100 Dollars (\$1,353,280.00) (based upon \$40.00 per square foot of Rentable Area of the Premises) (the "Additional TI Allowance") to be applied to the cost of construction of the Fifth Floor Tenant Improvements pursuant to the terms and conditions of Section 4.1. Landlord shall not be obligated to expend any portion of the Additional TI Allowance until Landlord shall have received from Tenant a letter in the form attached as Exhibit C hereto executed by an authorized officer of Tenant as set forth in Section 4.1. The Second Floor TI Allowance and the Additional TI Allowance may be applied to the costs of (m) construction, (n) project review by Landlord (which fee shall equal Eighty-Five Thousand Dollars (\$85,000.00)), (o) commissioning of mechanical, electrical and plumbing systems by a licensed, qualified commissioning agent hired by Tenant, and review of such party's commissioning report by a licensed, qualified commissioning agent hired by Landlord, (p) space planning, architect, engineering and other related services performed by third parties unaffiliated with Tenant, (q) building permits and other taxes, fees, charges and levies by Governmental Authorities (as defined below) for permits or for inspections of the Tenant

Improvements, and (r) costs and expenses for labor, material, equipment and fixtures. In no event shall the Second Floor TI Allowance or the Additional TI Allowance be used for (i) the cost of work that is not authorized by the Second Floor Approved TI Plans or the Fifth Floor Approved TI Plans (each term as defined in the Work Letter) or otherwise approved in writing by Landlord, (ii) payments to Tenant or any affiliates of Tenant, (iii) the purchase of any furniture, personal property or other non-building system equipment, (iv) costs arising from any default by Tenant of its obligations under this Lease or (v) costs that are recoverable by Tenant from a third party (e.g., insurers, warrantors, or tortfeasors).

4.4. The Second Floor TI Allowance and the Additional TI Allowance, if requested by Tenant, are referred to collectively herein as the “TI Allowance”. Landlord, separate from the TI Allowance, shall provide Tenant with a space planning allowance of up to Five Thousand Seventy-Four and 80/100 Dollars (\$5,074.80) (based upon \$0.15 per square foot of Rentable Area of the Premises) for Tenant’s architect to prepare test fit plans (the “Space Fit Allowance”), which Landlord shall pay directly to Saba Architects. Tenant acknowledges and agrees that all other design work shall be funded by Tenant at its sole cost and expense, or, as applicable, from the TI Allowance.

4.5 Tenant will contract for, and shall be solely liable and responsible for, the cost of the Second Floor Tenant Improvements, except that Landlord shall make the Second Floor TI Allowance available as required under this Lease and pursuant to the procedures described in the Work Letter. To the extent that the total projected cost of the Second Floor Tenant Improvements (as projected by Landlord) exceeds the Second Floor TI Allowance (such excess, the “Second Floor Excess TI Costs”), Tenant shall pay the costs of the Second Floor Tenant Improvements on a pari passu basis with Landlord as such costs are paid, in the proportion of such Second Floor Excess TI Costs payable by Tenant to the Second Floor TI Allowance payable by Landlord.

4.6 Tenant shall have until July 31, 2020 (the “TI Deadline”), to submit Fund Requests (as defined in the Work Letter) to Landlord for disbursement of the unused portion of the Second Floor TI Allowance, after which date Landlord’s obligation to fund any of the TI Allowance shall expire (except with respect to any amounts of the Second Floor TI Allowance for which Tenant has properly submitted a Fund Request by the TI Deadline). In no event shall any unused TI Allowance entitle Tenant to a credit against Rent payable under this Lease. Base Rent shall be increased to include the amount of the Additional TI Allowance disbursed by Landlord in accordance with this Lease amortized over the initial Term at a rate of eight and five hundredths percent (8.5%) annually. The amount by which Base Rent shall be increased shall be determined (and Base Rent shall be increased accordingly) as of the Term Commencement Date and, if such determination does not reflect use by Tenant of all of the Additional TI Allowance, shall be determined again as of the TI Deadline, with Tenant paying (on the next succeeding day that Base Rent is due under this Lease (the “TI True-Up Date”)), Any underpayment of the further adjusted Base Rent for the period beginning on the Term Commencement Date and ending on the TI True-Up Date shall be paid to Landlord by Tenant within thirty (30) days of invoice from Landlord.

4.7. Prior to entering upon the Premises, Tenant shall furnish to Landlord evidence satisfactory to Landlord that insurance coverages required of Tenant under the provisions of Article 23 are in effect, and such entry shall be subject to all the terms and conditions of this Lease.

4.8. Tenant shall pay all utility charges, together with any fees, surcharges and taxes thereon for (i) with respect to the Fifth Floor Premises, the period beginning on the Term Commencement Date, and (ii) with respect to the Second Floor Premises, the date that Tenant first accesses the Second Floor Premises for the purpose of performing the Second Floor Tenant Improvements after the Execution Date.

4.9. Tenant shall pay or reimburse Landlord, at Tenant's sole cost and expense, for all development related fees and assessments imposed on the Project by any governmental authority in connection with Tenant's construction and performance of the Second Floor Tenant Improvements.

5. Condition of Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises, the Building or the Project, or with respect to the suitability of the Premises, the Building or the Project for the conduct of Tenant's business. Tenant acknowledges that (a) it is fully familiar with the condition of the Premises and agrees to take the same in its condition "as is" as of the Term Commencement Date, and (b) Landlord shall have no obligation to alter or repair the Premises for Tenant's occupancy or construct any improvements or otherwise prepare the Premises for Tenant's occupancy, except that Landlord will perform the Fifth Floor Tenant Improvements to the extent required by this Lease, and will pay for the Fifth Floor Tenant Improvements subject to the terms of Section 4.1 (and subject to Tenant's obligation to timely pay the Fifth Floor Tenant Contribution and any Fifth Floor Tenant Increase Costs), and except that Landlord will make available to Tenant the Second Floor TI Allowance, the Space Fit Allowance, and, if properly requested by Tenant pursuant to the terms of the Lease, the Additional TI Allowance, to the extent required by this Lease. Tenant's taking of possession of the Premises shall, except as otherwise agreed to in writing by Landlord and Tenant, conclusively establish that the Premises, the Building and the Project were at such time in good, sanitary and satisfactory condition and repair; provided that Landlord shall be obligated to perform the Fifth Floor Tenant Improvements to the extent required by this Lease. If, for any reason, either the Second Floor Tenant Improvements or the Fifth Floor Tenant Improvements are not complete or Substantially Completed on the Term Commencement Date, the parties acknowledge and agree that (w) this Lease shall not be void or voidable, (x) such failure shall not be a condition precedent to or otherwise delay the Term Commencement Date or the commencement of Tenant's obligation to pay Base Rent, Tenant's Adjusted Share of Operating Expenses and the Property Management Fee for the Premises, (y) Tenant shall not be entitled to any additional abatement of Rent for the Premises or otherwise, and (z) Landlord shall not be liable to Tenant for any loss or damage resulting therefrom. Notwithstanding the foregoing, if, after Landlord determines that the Fifth Floor Tenant Improvements are Substantially Complete (as defined in the Work Letter) and delivers possession of the Fifth Floor Premises to Tenant (the date upon which both shall have occurred, the "Fifth Floor Delivery Date"). Tenant delivers to Landlord, no later than the date that is sixty (60) days after the Fifth Floor Delivery Date (the

“Deficiency Notice Deadline”), time being of the essence, written notice describing in reasonable detail a failure of the Fifth Floor Tenant Improvements to be Substantially Complete (such notice, a “Deficiency Notice”), then Landlord shall perform the work necessary to cure such failure at Landlord’s sole cost, which cost shall not be included in, or pass-through to Tenant as, Operating Expenses.

6. Rentable Area.

6.1. The term “Rentable Area” shall reflect such areas as reasonably calculated by Landlord’s architect, as the same may be reasonably adjusted from time to time by Landlord in consultation with Landlord’s architect to reflect changes to the Premises (or a portion thereof), the Building or the Project, as applicable.

6.2. The Rentable Area of the Building is generally determined by making separate calculations of Rentable Area applicable to each floor within the Building and totaling the Rentable Area of all floors within the Building. The Rentable Area of a floor is computed by measuring to the outside finished surface of the permanent outer Building walls. The full area calculated as previously set forth is included as Rentable Area, without deduction for columns and projections or vertical penetrations, including stairs, elevator shafts, flues, pipe shafts, vertical ducts and the like, as well as such items’ enclosing walls.

6.3. The term “Rentable Area,” when applied to the Premises, is that area equal to the usable area of the Premises, plus an equitable allocation of Rentable Area within the Building that is not then utilized or expected to be utilized as usable area, including that portion of the Building devoted to corridors, equipment rooms, restrooms, elevator lobby, atrium and mailroom.

6.4. The Rentable Area of the Project is the total Rentable Area of all buildings within the Project.

7. Rent.

7.1. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the Term Commencement Date, the sums set forth in Section 2.3, subject to the abatement of Base Rent to the extent set forth in Section 8 below. Base Rent shall be paid in equal monthly installments as set forth in Section 2.3, each in advance on the first day of each and every calendar month during the Term.

7.2. In addition to Base Rent, Tenant shall pay to Landlord as additional rent (“Additional Rent”), commencing on the Term Commencement Date and at times hereinafter specified in this Lease, notwithstanding any abatement of Base Rent, (a) Tenant’s Adjusted Share (as defined below) of Operating Expenses (as defined below), (b) the Property Management Fee (as defined below), and (c) any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including any and all other sums that may become due by reason of any default of Tenant or failure on Tenant’s part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after notice and the lapse of any applicable cure periods.

7.3. Base Rent and Additional Rent shall together be denominated “Rent.” Rent shall be paid to Landlord, without abatement, deduction or offset, in lawful money of the United States of America to the address set forth in Section 2.8 or, if Tenant elects to make payments of Rent by ACH, utilizing the wiring instructions to be provided by Landlord to Tenant from time to time, or to such other person or at such other place as Landlord may from time designate in writing. In the event the Term commences or ends on a day other than the first day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of the number of days in the month and shall be paid at the then-current rate for such fractional month.

7.4. Tenant’s obligation to pay Rent shall not be discharged or otherwise affected by (a) any Applicable Laws now or hereafter applicable to the Premises, (b) any other restriction on Tenant’s use, (c) except as expressly provided herein, any casualty or taking or (d) any other occurrence; and Tenant waives all rights now or hereafter existing to terminate or cancel this Lease or quit or surrender the Premises or any part thereof, or to assert any defense in the nature of constructive eviction to any action seeking to recover rent. Tenant’s obligation to pay Rent with respect to any period or obligations arising, existing or pertaining to the period prior to the date of the expiration or earlier termination of the Term or this Lease shall survive any such expiration or earlier termination; provided, however, that nothing in this sentence shall in any way affect Tenant’s obligations with respect to any other period.

8. Abatement. Notwithstanding anything to the contrary contained herein and provided that no default by Tenant occurs hereunder beyond any applicable notice and cure period, Landlord hereby agrees that Tenant shall not be required to pay the monthly Base Rent for the first seven (7) months of the initial Term (provided that the monthly Base Rent to be abated does not include any increase in Base Rent attributable to Landlord’s disbursement of any Additional TI Allowance in accordance with this Lease) (the “Abatement Period”). The total amount of monthly Base Rent abated during the Abatement Period shall equal One Million, One Hundred Forty-Four Thousand, Six Hundred Forty-Nine and 31/100 Dollars (\$1,144,649.31) (the “Abatement Amount”). During the Abatement Period, Tenant shall still be responsible for the payment of all of its other monetary obligations under this Lease, including, without limitation, all Additional Rent. In the event of a default by Tenant under the terms of this Lease that results in the termination of this Lease, then as a part of the recovery set forth in this Lease and in addition to any other remedies to which Landlord is entitled pursuant to Section 31 hereof, Landlord shall be entitled to the immediate recovery, as of the day prior to such termination, of the Abatement Amount that was abated under the provisions of this Section 8.

9. Operating Expenses.

9.1 As used herein, the term “Operating Expenses” shall include the following to the extent paid or incurred by Landlord in connection with ownership and operation of the Project:

(a) Government impositions, including property tax costs consisting of real and personal property taxes (including amounts due under any improvement bond upon the Building or the Project (including the parcel or parcels of real property upon which the Building, the other buildings in the Project and areas serving the Building and the Project are located)) or

assessments in lieu thereof imposed by any federal, state, regional, local or municipal governmental authority, agency or subdivision (each, a “Governmental Authority”); taxes on or measured by gross rentals received from the rental of space in the Project; taxes based on the square footage of the Premises, the Building or the Project, as well as any parking charges, utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or arising from Applicable Laws or interpretations thereof, promulgated by any Governmental Authority in connection with the use or occupancy of the Project or the parking facilities serving the Project; taxes on this transaction or any document to which Tenant is a party creating or transferring an interest in the Premises; any fee for a business license to operate an office building; and any expenses, including the reasonable cost of attorneys or experts, reasonably incurred by Landlord in seeking reduction by the taxing authority of the applicable taxes, less tax refunds obtained as a result of an application for review thereof; and

(b) All other costs of any kind paid or incurred by Landlord in connection with the operation or maintenance of the Building and the Project, which shall include Project office rent at fair market rental for a commercially reasonable amount of space for Project management personnel, to the extent an office used for Project operations is maintained at the Project, plus customary expenses for such office, and costs of repairs and replacements to improvements within the Project as appropriate to maintain the Project as required hereunder, including costs of funding such reasonable reserves as Landlord, consistent with good business practice, may establish to provide for future repairs and replacements, or as any Lender (as defined below) may require; costs of utilities furnished to the Common Area; sewer fees; cable television; trash collection; cleaning, including windows; heating, ventilation and air- conditioning (“HVAC”); maintenance of landscaping and grounds; snow removal; maintenance of drives and parking areas; maintenance of the roof; security services and devices; building supplies; maintenance or replacement of equipment utilized for operation and maintenance of the Project; license, permit and inspection fees; sales, use and excise taxes on goods and services purchased by Landlord in connection with the operation, maintenance or repair of the Building or Project systems and equipment; telephone, postage, stationery supplies and other expenses incurred in connection with the operation, maintenance or repair of the Project; accounting, legal and other professional fees and expenses incurred in connection with the Project; costs of furniture, draperies, carpeting, landscaping supplies, snow removal and other customary and ordinary items of personal property provided by Landlord for use in Common Area or in the Project office; capital expenditures for maintenance, repairs and replacements, but amortized over the useful life of such capital expenditure as reasonably determined by Landlord in accordance with generally accepted accounting principles; costs of complying with Applicable Laws (except to the extent such costs are incurred to remedy non-compliance as of the Execution Date with Applicable Laws); costs to keep the Project in compliance with, or costs or fees otherwise required under or incurred pursuant to any CC&Rs (as defined below), including condominium fees; insurance premiums, including premiums for commercial general liability, property casualty, earthquake, terrorism and environmental coverages; portions of insured losses paid by Landlord as part of the deductible portion of a loss pursuant to the terms of insurance policies; service contracts; costs of services of independent contractors retained to do work of a nature referenced above; and costs of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with the day-to-day

operation and maintenance of the Project, its equipment, the adjacent walks, landscaped areas, drives and parking areas, including janitors, floor waxers, window washers, watchmen, gardeners, sweepers, plow truck drivers, handymen, and engineering/maintenance/facilities personnel.

(c) Notwithstanding the foregoing, Operating Expenses shall not include any net income, franchise, capital stock, estate or inheritance taxes, taxes that are the personal obligation of Tenant or of another tenant of the Project, or fees and assessments imposed on the Project by any governmental authority as a condition of performing new construction within the Project after the Execution Date of this Lease (provided, however, that development related fees and assessments imposed on the Project by any governmental authority in connection with Tenant's construction and performance of the Second Floor Tenant Improvements shall be paid or reimbursed to Landlord by Tenant at Tenant's sole cost and expense); any leasing commissions; expenses that relate to preparation of rental space for a tenant; expenses of initial development and construction, including grading, paving, landscaping and decorating (as distinguished from maintenance, repair and replacement of the foregoing); legal expenses relating to other tenants; costs of repairs to the extent reimbursed by payment of insurance proceeds received by Landlord; interest upon loans to Landlord or secured by a loan agreement, mortgage, deed of trust, security instrument or other loan document covering the Project or a portion thereof (collectively, "Loan Documents") (provided that interest upon a government assessment or improvement bond payable in installments shall constitute an Operating Expense under Subsection 9.1(a)); salaries of executive officers of Landlord; salaries of employees of Landlord above those performing property management and facilities management duties at the Project; depreciation claimed by Landlord for tax purposes (provided that this exclusion of depreciation is not intended to delete from Operating Expenses actual costs of repairs and replacements that are provided for in Subsection 9.1(b)); taxes that are excluded from Operating Expenses by the express terms of the Lease; costs or expenses incurred in connection with the financing or sale of the Project or any portion thereof; costs expressly excluded from Operating Expenses elsewhere in this Lease or that are charged to or paid by Tenant under other provisions of this Lease; professional fees and disbursements and other costs and expenses related to the ownership (as opposed to the use, occupancy, operation, maintenance or repair) of the Project; reserved, political contributions, fine art expenses, capital expenditures except to the extent expressly permitted under Section 9.1(b); and any item that, if included in Operating Expenses, would involve a double collection for such item by Landlord. To the extent that Tenant uses more than Tenant's Pro Rata Share of any item of Operating Expenses, Tenant shall, within thirty days after notice or invoice, pay Landlord for such excess in addition to Tenant's obligation to pay Tenant's Pro Rata Share of Operating Expenses (such excess, together with Tenant's Pro Rata Share, "Tenant's Adjusted Share"). If Landlord allocates excess Operating Expenses to Tenant, Landlord shall use good faith, commercially reasonable, efforts to treat similarly situated tenants of the Project in a similar manner.

9.2 Tenant shall pay to Landlord on the first day of each calendar month of the Term, as Additional Rent, (a) the Property Management Fee (as defined below), and (b) Landlord's estimate of Tenant's Adjusted Share of Operating Expenses with respect to the Building and the Project, as applicable, for such month.



(a) The “Property Management Fee” shall equal three percent (3%) of Base Rent due from Tenant. Tenant shall pay the Property Management Fee in accordance with Section 9.2 with respect to the entire Term, including any extensions thereof or any holdover periods, regardless of whether Tenant is obligated to pay Base Rent, Operating Expenses or any other Rent with respect to any such period or portion thereof. During the Abatement Period (and any period of occupancy prior to the Term as further described in Section 9.5), the Property Management Fee shall be calculated as if Tenant were paying One Hundred Sixty-Three Thousand Five Hundred Twenty-One and 33/100 Dollars (\$163,521.33) per month for Base Rent.

(b) Within ninety (90) days after the conclusion of each calendar year (or such longer period as may be reasonably required by Landlord), Landlord shall furnish to Tenant a statement showing in reasonable detail the actual Operating Expenses, Tenant’s Adjusted Share of Operating Expenses, and the cost of providing utilities to the Premises for the previous calendar year (“Landlord’s Statement”). Any additional sum due from Tenant to Landlord shall be due and payable within thirty (30) days after receipt of an invoice therefor. If the amounts paid by Tenant pursuant to this Section exceed Tenant’s Adjusted Share of Operating Expenses for the previous calendar year, then Landlord shall credit the difference against the Rent next due and owing from Tenant; provided that, if the Lease term has expired, Landlord shall accompany Landlord’s Statement with payment for the amount of such difference.

(c) Any amount due under this Section for any period that is less than a full month shall be prorated for such fractional month on the basis of the number of days in the month.

9.3. Landlord may, from time to time, modify Landlord’s calculation and allocation procedures for Operating Expenses, so long as such modifications produce Dollar results substantially consistent with Landlord’s then-current practice at the Project. Landlord or an affiliate(s) of Landlord currently own or lease other property(ies) adjacent to the Project or its neighboring properties (collectively, “Neighboring Properties”). In connection with Landlord performing services for the Project pursuant to this Lease, similar services may be performed by the same vendor(s) for Neighboring Properties. In such a case, Landlord shall reasonably allocate to each Building and the Project the costs for such services based upon the ratio that the square footage of the Building or the Project (as applicable) bears to the total square footage of all of the Neighboring Properties or buildings within the Neighboring Properties for which the services are performed, unless the scope of the services performed for any building or property (including the Building and the Project) is disproportionately more or less than for others, in which case Landlord shall equitably allocate the costs based on the scope of the services being performed for each building or property (including the Building and the Project). Since the Project consists of multiple buildings, certain Operating Expenses may pertain to a particular building(s) and other Operating Expenses to the Project as a whole. Landlord reserves the right in its sole discretion to allocate any such costs applicable to any particular building within the Project to such building, and other such costs applicable to the Project to each building in the Project (including the Building), with the tenants in each building being responsible for paying their respective proportionate shares of their buildings to the extent required under their leases. Landlord shall allocate such costs to the buildings (including the Building) in a reasonable, good faith, non-discriminatory manner, and such allocation shall be binding on Tenant.

9.4 Landlord's annual statement shall be final and binding upon Tenant unless Tenant, within ninety (90) days after Tenant's receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reasons therefor; provided that Tenant shall in all events pay the amount specified in Landlord's annual statement, pending the results of the Independent Review and determination of the Accountant(s), as applicable and as each such term is defined below. If, during such ninety (90)-day period, Tenant reasonably and in good faith questions or contests the correctness of Landlord's statement of Tenant's Adjusted Share of Operating Expenses, Landlord shall provide Tenant with reasonable access to Landlord's books and records to the extent relevant to determination of Operating Expenses, and such information as Landlord reasonably determines to be responsive to Tenant's written inquiries. In the event that, after Tenant's review of such information, Landlord and Tenant cannot agree upon the amount of Tenant's Adjusted Share of Operating Expenses, then Tenant shall have the right to have an independent public accounting firm hired by Tenant on an hourly basis and not on a contingent-fee basis (at Tenant's sole cost and expense) and approved by Landlord (which approval Landlord shall not unreasonably withhold or delay) audit and review such of Landlord's books and records for the year in question as directly relate to the determination of Operating Expenses for such year (the "Independent Review"), but not books and records of entities other than Landlord. Landlord shall make such books and records available at the location where Landlord maintains them in the ordinary course of its business. Landlord need not provide copies of any books or records. Tenant shall commence the Independent Review within fifteen (15) days after the date Landlord has given Tenant access to Landlord's books and records for the Independent Review. Tenant shall complete the Independent Review and notify Landlord in writing of Tenant's specific objections to Landlord's calculation of Operating Expenses (including Tenant's accounting firm's written statement of the basis, nature and amount of each proposed adjustment) no later than sixty (60) days after Landlord has first given Tenant access to Landlord's books and records for the Independent Review. Landlord shall review the results of any such Independent Review. The parties shall endeavor to agree promptly and reasonably upon Operating Expenses taking into account the results of such Independent Review. If, as of the date that is seventy five (75) days after Tenant has submitted the Independent Review to Landlord, the parties have not agreed on the appropriate adjustments to Operating Expenses, then the parties shall engage a mutually agreeable independent third party accountant with at least ten (10) years' experience in commercial real estate accounting in the Seattle Central Business District area (the "Accountant"). If the parties cannot agree on the Accountant, each shall within ten (10) days after such impasse appoint an Accountant (different from the accountant and accounting firm that conducted the Independent Review) and, within ten (10) days after the appointment of both such Accountants, those two Accountants shall select a third (which cannot be the accountant and accounting firm that conducted the Independent Review). If either party fails to timely appoint an Accountant, then the Accountant the other party appoints shall be the sole Accountant. Within ten (10) days after appointment of the Accountant(s), Landlord and Tenant shall each simultaneously give the Accountants (with a copy to the other party) its determination of Operating Expenses, with such supporting data or information as each submitting party

determines appropriate. Within ten (10) days after such submissions, the Accountants shall by majority vote select either Landlord's or Tenant's determination of Operating Expenses. The Accountants may not select or designate any other determination of Operating Expenses. The determination of the Accountant(s) shall bind the parties. If the parties agree or the Accountant(s) determine that the Operating Expenses actually paid by Tenant for the calendar year in question exceeded Tenant's obligations for such calendar year, then Landlord shall, at Tenant's option, either (a) credit the excess to the next succeeding installments of estimated Additional Rent or (b) pay the excess to Tenant within thirty (30) days after delivery of such results. If the parties agree or the Accountant(s) determine that Tenant's payments of Operating Expenses for such calendar year were less than Tenant's obligation for the calendar year, then Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such results. If the Independent Review reveals or the Accountant(s) determine that the Operating Expenses billed to Tenant by Landlord and paid by Tenant to Landlord for the applicable calendar year in question exceeded, by five percent (5%) or more, what Tenant should have been billed during such calendar year, then Landlord shall pay the reasonable cost of the Independent Review and the reasonable cost of the Accountant(s). In all other cases Tenant shall pay the cost of the Independent Review and the Accountant(s).

9.5 Tenant shall not be responsible for Operating Expenses with respect to any time period prior to the Term Commencement Date; provided, however, that (a) Tenant shall pay all costs of utilities provided to the Second Floor Premises from the date that Tenant first accesses the Second Floor Premises for the purpose of performing the Second Floor Tenant Improvements after the Execution Date and (b) if Landlord shall permit Tenant possession of the Premises prior to the Term Commencement Date for the purpose of conducting Tenant's business in the Premises, Tenant shall be responsible for Operating Expenses from such earlier date of possession (the Term Commencement Date or such earlier date, as applicable, the "Expense Trigger Date"); and provided, further, that Landlord may annualize certain Operating Expenses incurred prior to the Expense Trigger Date over the course of the budgeted year during which the Expense Trigger Date occurs, and Tenant shall be responsible for the annualized portion of such Operating Expenses corresponding to the number of days during such year, commencing with the Expense Trigger Date, for which Tenant is otherwise liable for Operating Expenses pursuant to this Lease. Tenant's responsibility for Tenant's Adjusted Share of Operating Expenses shall continue to the latest of (a) the date of termination of the Lease, (b) the date Tenant has fully vacated the Premises and (c) if termination of the Lease is due to a default by Tenant, the date of rental commencement of a replacement tenant.

9.6 Operating Expenses for the calendar year in which Tenant's obligation to share therein commences and for the calendar year in which such obligation ceases shall be prorated on a basis reasonably determined by Landlord. Expenses such as taxes, assessments and insurance premiums that are incurred for an extended time period shall be prorated based upon the time periods to which they apply so that the amounts attributed to the Premises relate in a reasonable manner to the time period wherein Tenant has an obligation to share in Operating Expenses.

9.7 In the event that the Building or Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate Operating Expenses that vary

depending on the occupancy of the Building or Project, as applicable, to equal Landlord's reasonable estimate of what such Operating Expenses would have been had the Building or Project, as applicable, been ninety-five percent (95%) occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of Operating Expenses.

10. Taxes on Tenant's Property.

10.1. Tenant shall be solely responsible for the payment of any and all taxes levied upon (a) its personal property and trade fixtures located at the Premises and (b) any gross or net receipts of or sales by Tenant, and shall pay the same at least twenty (20) days prior to delinquency.

10.2. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or, if the assessed valuation of the Building, the Property or the Project is increased by inclusion therein of a value attributable to Tenant's personal property or trade fixtures, and if Landlord, after written notice to Tenant, pays the taxes based upon any such increase in the assessed value of the Building, the Property or the Project, then Tenant shall, upon demand, repay to Landlord the taxes so paid by Landlord.

10.3. If any improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which improvements conforming to Landlord's building standards (the "Building Standard") in other spaces in the Building are assessed, then the real property taxes and assessments levied against Landlord or the Building, the Property or the Project by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 10.2. Any such excess assessed valuation due to improvements in or alterations to space in the Project leased by other tenants at the Project shall not be included in Operating Expenses. If the records of the applicable governmental assessor's office are available and sufficiently detailed to serve as a basis for determining whether such Tenant improvements or alterations are assessed at a higher valuation than the Building Standard, then such records shall be binding on both Landlord and Tenant.

11. Security Deposit; Restoration Deposit.

11.1. Tenant shall deposit with Landlord on or before the Execution Date the sum set forth in Section 2.7 (the "Security Deposit"), which sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term. If Tenant Defaults (as defined below) with respect to any provision of this Lease, including any provision relating to the payment of Rent, then Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, then Tenant shall, within ten (10) days following demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease.

11.2. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings.

11.3. Landlord may deliver to any purchaser of Landlord's interest in the Premises the funds deposited hereunder by Tenant, and thereupon Landlord shall be discharged from any further liability with respect to such deposit. This provision shall also apply to any subsequent transfers.

11.4. So long as Tenant has vacated the Premises in the manner and in the condition required by this Lease, has performed its maintenance and repair obligations under the Lease and has paid all sums required to be paid under this Lease, then the Security Deposit, or any balance thereof, shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days after the expiration or earlier termination of this Lease not resulting from a Default. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

11.5. If the Security Deposit shall be in cash, Landlord shall hold the Security Deposit in an account at a banking organization selected by Landlord; provided, however, that Landlord shall not be required to maintain a separate account for the Security Deposit, but may intermingle it with other funds of Landlord. Landlord shall be entitled to all interest and/or dividends, if any, accruing on the Security Deposit. Landlord shall not be required to credit Tenant with any interest for any period during which Landlord does not receive interest on the Security Deposit.

11.6. The Security Deposit may be in the form of cash, a letter of credit in accordance with requirements applicable to the L/C Security as set forth in this Lease, or any other security instrument acceptable to Landlord in its sole discretion. Tenant may at any time, except when Tenant is in Default (as defined below), deliver a letter of credit (the "L/C Security") as the entire Security Deposit, as follows:

(a) If Tenant elects to deliver L/C Security, then Tenant shall provide Landlord, and maintain in full force and effect throughout the Term and until the date that is six (6) months after the then-current Term Expiration Date, a letter of credit in the form of Exhibit D issued by an issuer reasonably satisfactory to Landlord, in the amount of the Security Deposit, with an initial term of at least one year. Landlord may require the L/C Security to be re-issued by a different issuer at any time during the Term if Landlord reasonably believes that the issuing bank of the L/C Security is or may soon become insolvent; provided, however, Landlord shall return the existing L/C Security to the existing issuer immediately upon receipt of the substitute L/C Security. If any issuer of the L/C Security shall become insolvent or placed into FDIC receivership, then Tenant shall immediately deliver to Landlord (without the requirement of notice from Landlord) substitute L/C Security issued by an issuer reasonably satisfactory to Landlord, and otherwise conforming to the requirements set forth in this Article. As used herein with respect to the issuer of the L/C Security, "insolvent" shall mean the determination of

insolvency as made by such issuer's primary bank regulator (*i.e.*, the state bank supervisor for state chartered banks; the OCC or OTS, respectively, for federally chartered banks or thrifts; or the Federal Reserve for its member banks). If, at the Term Expiration Date, any Rent remains uncalculated or unpaid, then (i) Landlord shall with reasonable diligence complete any necessary calculations, (ii) Tenant shall extend the expiry date of such L/C Security from time to time as Landlord reasonably requires and (iii) in such extended period, Landlord shall not unreasonably refuse to consent to an appropriate reduction of the L/C Security. Tenant shall reimburse Landlord's reasonable legal costs in handling Landlord's acceptance of L/C Security or its replacement or extension.

(b) If Tenant delivers to Landlord satisfactory L/C Security in place of the entire Security Deposit, Landlord shall remit to Tenant any cash Security Deposit Landlord previously held.

(c) Landlord may draw upon the L/C Security, and hold and apply the proceeds in the same manner and for the same purposes as the Security Deposit, if (i) an uncured Default (as defined below) exists, (ii) as of the date that is forty-five (45) days before any L/C Security expires (even if such scheduled expiry date is after the Term Expiration Date) Tenant has not delivered to Landlord an amendment or replacement for such L/C Security, reasonably satisfactory to Landlord, extending the expiry date to the earlier of (1) six (6) months after the then-current Term Expiration Date or (2) the date that is one year after the then-current expiry date of the L/C Security, (iii) the L/C Security provides for automatic renewals. Landlord asks the issuer to confirm the current L/C Security expiry date, and the issuer fails to do so within ten (10) business days, (iv) Tenant fails to pay (when and as Landlord reasonably requires) any bank charges for Landlord's transfer of the L/C Security or (v) the issuer of the L/C Security ceases, or announces that it will cease, to maintain an office in the city where Landlord may present drafts under the L/C Security (and fails to permit drawing upon the L/C Security by overnight courier or facsimile). This Section does not limit any other provisions of this Lease allowing Landlord to draw the L/C Security under specified circumstances.

(d) Tenant shall not seek to enjoin, prevent, or otherwise interfere with Landlord's draw under L/C Security, even if it violates this Lease. Tenant acknowledges that the only effect of a wrongful draw would be to substitute a cash Security Deposit for L/C Security, causing Tenant no legally recognizable damage. Landlord shall hold the proceeds of any draw in the same manner and for the same purposes as a cash Security Deposit. In the event of a wrongful draw, the parties shall cooperate to allow Tenant to post replacement L/C Security simultaneously with the return to Tenant of the wrongfully drawn sums, and Landlord shall upon request confirm in writing to the issuer of the L/C Security that Landlord's draw was erroneous.

(e) If Landlord transfers its interest in the Premises, then Tenant shall at Tenant's expense, within five (5) business days after receiving a request from Landlord, deliver (and, if the issuer requires, Landlord shall consent to) an amendment to the L/C Security naming Landlord's grantee as substitute beneficiary. If the required Security Deposit changes while L/C Security is in force, then Tenant shall deliver (and, if the issuer requires, Landlord shall consent to) a corresponding amendment to the L/C Security.

11.7 Restoration Deposit. Tenant shall deposit with Landlord on or before the Execution Date, in addition to the Security Deposit, a separate deposit, which may be cash or, at Tenant's option, a letter of credit (if a letter of credit, a "Restoration Deposit Letter of Credit"), in the amount of One Million Six Hundred Thousand and 00/100 Dollars (\$1,600,000.00) (the "Restoration Deposit"), which shall be retained by Landlord upon the expiration, surrender or termination of this Lease (and if such Restoration Deposit is in the form of a Restoration Deposit Letter of Credit, Landlord may draw the full amount of such Restoration Deposit Letter of Credit upon the expiration, surrender or termination of this Lease). Except as expressly provided in Sections 24.4 and 25.5 of the Lease, Tenant acknowledges and agrees that no part of the Restoration Deposit shall be refundable to Tenant. Notwithstanding the foregoing, in the event that no monetary default (without reference to notice and cure periods) or material non-monetary default (beyond applicable notice and cure periods) of Tenant under this Lease then exists and Tenant timely and properly exercises the first Option to extend the Lease for five (5) years pursuant to Section 41 of this Lease, then (a) the Restoration Deposit shall be reduced to Eight Hundred Thousand and 00/100 Dollars (\$800,000.00) (provided that if the Restoration Deposit is in the form of a Restoration Deposit Letter of Credit, such reduction shall be on the condition that Tenant delivers a replacement Restoration Deposit Letter of Credit in the amount of Eight Hundred Thousand and 00/100 Dollars to Landlord pursuant to the provisions below). Furthermore, in the event that no monetary default (without reference to notice and cure periods) or material non-monetary default (beyond applicable notice and cure periods) of Tenant under this Lease then exists and Tenant timely and properly exercises the second Option to extend the Lease for an additional five (5) years pursuant to Section 41 of this Lease, then the Restoration Deposit shall be further reduced to zero (\$0.00) (in which case, if the Restoration Deposit is in the form of a Restoration Deposit Letter of Credit, Landlord shall return to Tenant the Restoration Deposit Letter of Credit). Tenant acknowledges and agrees that except as otherwise expressly provided herein, upon the expiration, surrender or termination of this Lease Landlord may draw upon the Restoration Deposit Letter of Credit and use the then balance of the Restoration Deposit without condition and at Landlord's sole and absolute discretion. Except for Tenant's Surrender Obligations (as defined in Section 18.2 of this Lease), which Tenant will be obligated to perform notwithstanding the Restoration Deposit, the Restoration Deposit is in lieu of any other Tenant restoration obligations with regard to the Premises. Regardless of whether Landlord draws upon and utilizes the Restoration Deposit, Tenant shall have no obligation to restore any or all of the Premises upon Lease expiration or termination except for Tenant's Surrender. If the Restoration Deposit is in the form of a Restoration Deposit Letter of Credit, then such Restoration Deposit Letter of Credit shall satisfy the following conditions and requirements:

(a) Tenant shall maintain the Restoration Deposit Letter of Credit, which shall be in the form of Exhibit D and issued by an issuer reasonably satisfactory to Landlord, in full force and effect throughout the Term and until the date that is six (6) months after the then-current Term Expiration Date, with an initial term of at least one year. Landlord may require the Restoration Deposit Letter of Credit to be re-issued by a different issuer at any time during the Term if Landlord reasonably believes that the issuing bank of the Restoration Deposit Letter of Credit is or may soon become insolvent; provided, however, Landlord shall return the existing Restoration Deposit Letter of Credit to the existing issuer immediately upon receipt of the substitute Restoration Deposit Letter of Credit. If any issuer of the Restoration Deposit Letter of

Credit shall become insolvent or placed into FDIC receivership, then Tenant shall immediately deliver to Landlord (without the requirement of notice from Landlord) substitute Restoration Deposit Letter of Credit issued by an issuer reasonably satisfactory to Landlord, and otherwise conforming to the requirements set forth in this Article. As used herein with respect to the issuer of the Restoration Deposit Letter of Credit, "insolvent" shall mean the determination of insolvency as made by such issuer's primary bank regulator (i.e., the state bank supervisor for state chartered banks; the OCC or OTS, respectively, for federally chartered banks or thrifts; or the Federal Reserve for its member banks). Tenant shall reimburse Landlord's reasonable legal costs in handling Landlord's acceptance of Restoration Deposit Letter of Credit or its replacement or extension.

(b) Landlord may draw upon the Restoration Deposit Letter of Credit and use the then balance of the Restoration Deposit without condition and at Landlord's sole and absolute discretion (i) upon the expiration, surrender or termination of this Lease (except as otherwise expressly provided herein), (ii) as of the date that is forty-five (45) days before any Restoration Deposit Letter of Credit expires (even if such scheduled expiry date is after the Term Expiration Date), if Tenant has not delivered to Landlord an amendment or replacement for such Restoration Deposit Letter of Credit, reasonably satisfactory to Landlord, extending the expiry date to the earlier of (1) six (6) months after the then-current Term Expiration Date or (2) the date that is one year after the then-current expiry date of the Restoration Deposit Letter of Credit, (iii) if the Restoration Deposit Letter of Credit provides for automatic renewals, and if Landlord asks the issuer to confirm the current Restoration Deposit Letter of Credit expiry date, and the issuer fails to do so within ten (10) business days, (iv) if Tenant fails to pay (when and as Landlord reasonably requires) any bank charges for Landlord's transfer of the Restoration Deposit Letter of Credit, or (v) if the issuer of the Restoration Deposit Letter of Credit ceases, or announces that it will cease, to maintain an office in the city where Landlord may present drafts under the Restoration Deposit Letter of Credit (and fails to permit drawing upon the Restoration Deposit Letter of Credit by overnight courier or facsimile).

(c) Tenant shall not seek to enjoin, prevent, or otherwise interfere with Landlord's draw under the Restoration Deposit Letter of Credit, even in connection with a purported violation by Landlord of this Lease. In the event of a wrongful draw, the parties shall cooperate to allow Tenant to post replacement Restoration Deposit Letter of Credit simultaneously with the return to Tenant of the wrongfully drawn sums, and Landlord shall upon request confirm in writing to the issuer of the Restoration Deposit Letter of Credit that Landlord's draw was erroneous.

(d) If Landlord transfers its interest in the Premises, then Tenant shall at Tenant's expense, within five (5) business days after receiving a request from Landlord, deliver (and, if the issuer requires, Landlord shall consent to) an amendment to the Restoration Deposit Letter of Credit naming Landlord's grantee as substitute beneficiary. If the amount of the Restoration Deposit changes while the Restoration Deposit Letter of Credit is in force, then Tenant shall deliver (and, if the issuer requires, Landlord shall consent to) a corresponding amendment to the Restoration Deposit Letter of Credit.



12. Use.

12.1 Tenant shall use the Premises for the Permitted Use, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

12.2 Tenant shall not use or occupy the Premises in violation of Applicable Laws; zoning ordinances; or the certificate of occupancy (or its substantial equivalent) issued for the Building or the Project, and shall, upon five (5) days' written notice from Landlord, discontinue any use of the Premises that is declared or claimed by any Governmental Authority having jurisdiction to be a violation of any of the above, or that in Landlord's reasonable opinion violates any of the above. Tenant shall comply with any direction of any Governmental Authority having jurisdiction that shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupation thereof, and shall indemnify, defend (at the option of and with counsel reasonably acceptable to the indemnified party(ies)), save, reimburse and hold harmless (collectively, "Indemnify." "Indemnity." or "Indemnification." as the case may require) Landlord and its affiliates, employees, agents and contractors; and any lender, mortgagee, ground lessor or beneficiary (each, a "Lender" and, collectively with Landlord and its affiliates, employees, agents and contractors, the "Landlord Indemnitees") harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages, suits or judgments, and all reasonable expenses (including reasonable attorneys' fees, charges and disbursements, regardless of whether the applicable demand, claim, action, cause of action or suit is voluntarily withdrawn or dismissed) incurred in investigating or resisting the same (collectively, "Claims") of any kind or nature that arise before, during or after the Term as a result of Tenant's breach of this Section.

12.3 Tenant shall not do or permit to be done anything that will invalidate or increase the cost of any fire, environmental, extended coverage or any other insurance policy covering the Building or the Project, and shall comply with all rules, orders, regulations and requirements of the insurers of the Building and the Project, and Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article.

12.4 Tenant shall keep all doors opening onto public corridors closed, except when in use for ingress and egress.

12.5 No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made to existing locks or the mechanisms thereof without Landlord's prior written consent, which shall not be unreasonably withheld. Tenant shall, upon termination of this Lease, return to Landlord all keys and access cards to offices and restrooms either furnished to or otherwise procured by Tenant. In the event any key so furnished to Tenant is lost, Tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

12.6. No awnings or other projections shall be attached to any outside wall of the Building. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord's standard window coverings. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreensed without Landlord's prior written consent, nor shall any bottles, parcels or other articles be placed on the windowsills or items attached to windows that are visible from outside the Premises. No equipment, furniture or other items of personal property shall be placed on any exterior balcony without Landlord's prior written consent.

12.7. No sign, advertisement or notice ("Signage") shall be exhibited, painted or affixed by Tenant on any part of the Premises or the Building without Landlord's prior written consent. Signage shall conform to Landlord's design criteria. For any Signage, Tenant shall, at Tenant's own cost and expense, (a) acquire all permits for such Signage in compliance with requirements of Applicable Laws and (b) design, fabricate, install and maintain such Signage in a first-class condition. Tenant shall be responsible for reimbursing Landlord for costs incurred by Landlord in removing any of Tenant's Signage upon the expiration or earlier termination of the Lease. Tenant shall be entitled to the following Building-standard signage ("Permitted Signage") at Landlord's sole cost and expense: (i) a listing of Tenant's name in the Building's main lobby directory tablet and (ii) directory signage on the Building's 2nd and 5th floor elevator landing areas, and same shall be of a size, color and type and be located in a place acceptable to Landlord and in compliance with requirement of Applicable Law. The directory tablet shall be provided exclusively for the display of the name and location of tenants only. Tenant shall not place anything on the exterior of the corridor walls or corridor doors other than Landlord's standard lettering. At Landlord's option, Landlord may install any Tenant Signage, and Tenant shall pay all costs associated with such installation within thirty (30) days after demand therefor.

12.8. Tenant may only place equipment within the Premises with floor loading consistent with the Building's structural design unless Tenant obtains Landlord's prior written approval. Tenant may place such equipment only in a location designed to carry the weight of such equipment.

12.9. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations therefrom from extending into the Common Area or other offices in the Project.

12.10. Tenant shall not (a) do or permit anything to be done in or about the Premises that shall in any way obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or annoy them, (b) use or allow the Premises to be used for immoral or unlawful purposes, (c) cause, maintain or permit any nuisance or waste in, on or about the Project or (d) take any other action that would in Landlord's reasonable determination in any manner adversely affect other tenants' quiet use and enjoyment of their space or adversely impact their ability to conduct business in a professional and suitable work environment. Notwithstanding anything in this Lease to the contrary, Tenant may not install any security systems (including cameras) outside the Premises or that record sounds or images outside the Premises without Landlord's prior written consent, which Landlord may withhold in its sole and absolute discretion.

12.11. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for all liabilities, costs and expenses arising from or in connection with the compliance of the Premises with the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the “ADA”), and Tenant shall Indemnify the Landlord Indemnitees from and against any Claims arising from any such failure of the Premises to comply with the ADA. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

12.12. Tenant may only use the Building shafts to the extent depicted in Exhibit A attached hereto.

13. Rules and Regulations, CC&Rs, Parking Facilities and Common Area.

13.1. Tenant shall have the non-exclusive right, in common with others, to use the Common Area in conjunction with Tenant’s use of the Premises for the Permitted Use, and such use of the Common Area and Tenant’s use of the Premises shall be subject to the rules and regulations adopted by Landlord and attached hereto as Exhibit E, together with such other reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord in its sole and absolute discretion; provided, however, new rules and regulations promulgated after the Execution Date shall not materially increase Tenant’s Lease obligations nor shall they materially reduce Tenant’s Lease rights (the “Rules and Regulations”). Tenant shall and shall ensure that its contractors, subcontractors, employees, subtenants and invitees faithfully observe and comply with the Rules and Regulations, as applicable. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or any agent, employee or invitee thereof of any of the Rules and Regulations but shall enforce the Rules and Regulations in a good faith and non-discriminatory manner.

13.2. This Lease is subject to any recorded covenants, conditions or restrictions on the Project or Property existing as of the Execution Date, including, without limitation, the Transportation Management Plan Imposed on Master Use Permit 2002080, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the “CC&Rs”); provided, that any such amendments, restatements, supplements or modifications do not materially modify Tenant’s rights or obligations hereunder. Tenant shall, at its sole cost and expense, comply with the CC&Rs.

13.3. Tenant shall have a non-exclusive, irrevocable license to use, and Landlord shall make available to Tenant, parking spaces in the parking facilities serving the Project based on a ratio of one (1) parking space per one thousand (1,000) square feet of Rentable Area of the Premises, which is thirty-four (34) parking spaces as of the Term Commencement Date, on an unreserved basis with other tenants of the Project during the Term. Tenant shall be required to pay, simultaneously with payments of Base Rent as Additional Rent, for the parking spaces made available to Tenant the established parking rates for the Building, as adjusted from time to time, such monthly rental rate being Two Hundred Seventy-Five Dollars (\$275.00) per parking space per month as of the Execution Date. Landlord shall not be liable to Tenant, nor shall this Lease be affected, if any parking is impaired by moratorium, initiative, referendum, law, ordinance,

regulation or order passed, issued or made by any governmental or quasi-governmental body. Landlord assumes no liability for damage or injuries, theft, collision, fire or damage of Tenant, its employees, customers and invitees and/or their vehicles and Landlord shall not be responsible for articles left in vehicles or for damages for loss of use of any vehicle.

13.4. Tenant agrees not to unreasonably overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord reserves the right to determine that parking facilities are becoming overcrowded and to limit Tenant's use thereof. Upon such determination, Landlord may reasonably allocate parking spaces among Tenant and other tenants of the Building or the Project. Nothing in this Section, however, is intended to create an affirmative duty on Landlord's part to monitor parking.

13.5. Subject to the terms of this Lease including the Rules and Regulations and the rights of other tenants of the Project, Tenant shall have the non-exclusive right to access the freight loading dock, at no additional cost.

14. Project Control by Landlord.

14.1. Landlord reserves full control over the Building and the Project to the extent not inconsistent with Tenant's enjoyment of the Premises as provided by this Lease. This reservation includes Landlord's right to subdivide the Project; convert the Building and other buildings within the Project to condominium units; change the size of the Project by selling all or a portion of the Project or adding real property and any improvements thereon to the Project; grant easements and licenses to third parties; maintain or establish ownership of the Building separate from fee title to the Property; make additions to or reconstruct portions of the Building and the Project: install, use, maintain, repair, replace and relocate for service to the Premises and other parts of the Building or the Project pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises, the Building or elsewhere at the Project: and alter or relocate any other Common Area or facility, including private drives, lobbies, entrances and landscaping; provided, however, that such rights shall be exercised in a way that does not (i) materially adversely affect Tenant's beneficial use and occupancy of the Premises, including the Permitted Use and Tenant's access to the Premises, and (ii) materially increase Tenant's Lease obligations (including, without limitation, financial obligations). Tenant acknowledges that Landlord specifically reserves the right to allow the exclusive use of corridors and restroom facilities located on specific floors to one or more tenants occupying such floors; provided, however, that Tenant shall not be deprived of the use of the corridors reasonably required to serve the Premises or of restroom facilities serving the floor upon which the Premises are located.

14.2. Possession of areas of the Premises necessary for utilities, services, safety and operation of the Building is reserved to Landlord.

14.3. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant or that deprives Tenant of the quiet enjoyment and use of the Premises as provided for in this Lease.

14.4. Landlord may, at any and all reasonable times during non-business hours (or during business hours, if (a) with respect to Subsections 14.4(u) through 14.4(y), Tenant so requests, and (b) with respect to Subsection 14.4(z), if Landlord so requests), and upon twenty- four (24) hours' prior notice (which may be oral or by email to the office manager or other Tenant-designated individual at the Premises; but provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (u) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (v) supply any service Landlord is required to provide hereunder, (w) alter, improve or repair any portion of the Building other than the Premises for which access to the Premises is reasonably necessary, (x) post notices of nonresponsibility, (y) access the telephone equipment, electrical substation and fire risers and (z) show the Premises to prospective tenants during the final year of the Term and current and prospective purchasers and lenders at any time. In connection with any such alteration, improvement or repair as described in Subsection 14.4(w). Landlord may erect in the Premises or elsewhere in the Project scaffolding and other structures reasonably required for the alteration, improvement or repair work to be performed. In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section; provided, however, that all such activities shall be conducted in such a manner so as to cause as little interference to Tenant as is reasonably possible. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

15. Quiet Enjoyment. Landlord covenants that Tenant, upon paying the Rent and performing its obligations contained in this Lease, may peacefully and quietly have, hold and enjoy the Premises, free from any claim by Landlord or persons claiming under Landlord, but subject to all of the terms and provisions hereof, provisions of Applicable Laws and rights of record to which this Lease is or may become subordinate. This covenant is in lieu of any other quiet enjoyment covenant, either express or implied.

16. Utilities and Services.

16.1. Tenant shall pay for all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), gas, heat, light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any fees, surcharges and taxes thereon. If any such utility is not separately metered to Tenant, Tenant shall pay Tenant's Adjusted Share of all charges of such utility jointly metered with other premises as Additional Rent or, in the alternative, Landlord may, at its option, monitor the usage of such utilities by Tenant and charge Tenant with the cost of purchasing, installing and monitoring such metering equipment, which cost shall be paid by Tenant as Additional Rent. Landlord may base its bills for utilities on reasonable estimates; provided that Landlord adjusts such billings as part of the next Landlord's Statement (or more frequently, as determined by Landlord) to reflect the actual cost of providing utilities to the Premises. To the extent that Tenant uses more than Tenant's Pro Rata Share of any utilities, then Tenant shall pay Landlord for Tenant's Adjusted Share of such utilities to reflect such excess. In the event that the Building or Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord

may extrapolate utility usage that varies depending on the occupancy of the Building or Project (as applicable) to equal Landlord's reasonable estimate of what such utility usage would have been had the Building or Project, as applicable, been ninety-five percent (95%) occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of the cost of such utilities. Tenant shall not be liable for the cost of utilities supplied to the Premises attributable to the time period prior to the Term Commencement Date; provided, however, that (a) Tenant shall be responsible for the cost of utilities for the Second Floor Premises from the date that Tenant first accesses the Second Floor Premises for the purpose of performing the Second Floor Tenant Improvements after the Execution Date and (b) if Landlord shall permit Tenant possession of the Premises prior to the Term Commencement Date for the purpose of conducting Tenant's business operations in the Premises other than placement of personal property, then Tenant shall be responsible for the cost of utilities supplied to the Premises from such earlier date of possession.

16.2. Landlord shall not be liable for, nor shall any eviction of Tenant result from, the failure to furnish any utility or service, whether or not such failure is caused by accidents; breakage; casualties (to the extent not caused by the party claiming Force Majeure); Severe Weather Conditions (as defined below); physical natural disasters (but excluding weather conditions that are not Severe Weather Conditions); strikes, lockouts or other labor disturbances or labor disputes (other than labor disturbances and labor disputes resulting solely from the acts or omissions of the party claiming Force Majeure); acts of terrorism; riots or civil disturbances; wars or insurrections; shortages of materials (which shortages are not unique to the party claiming Force Majeure); government regulations, moratoria or other governmental actions, inactions or delays; failures to grant consent or delays in granting consent by any Lender whose consent is required under any applicable Loan Document; failures by third parties to deliver gas, oil or another suitable fuel supply, or inability of the party claiming Force Majeure, by exercise of reasonable diligence, to obtain gas, oil or another suitable fuel; or other causes beyond the reasonable control of the party claiming that Force Majeure has occurred (collectively, "Force Majeure"); or, to the extent permitted by Applicable Laws, Landlord's negligence (including any liability for consequential damages, opportunity costs or lost profits incurred or suffered by Tenant as a result thereof). In the event of such failure, Tenant shall not be entitled to termination of this Lease or any abatement or reduction of Rent, nor shall Tenant be relieved from the operation of any covenant or agreement of this Lease. "Severe Weather Conditions" means weather conditions that are materially worse than those that reasonably would be anticipated for the Property at the applicable time based on historic meteorological records.

16.3. Tenant shall pay for, prior to delinquency of payment therefor, any utilities and services that may be furnished to the Premises during or, if Tenant occupies the Premises after the expiration or earlier termination of the Term, after the Term, beyond those utilities provided by Landlord, including telephone, internet service, cable television and other telecommunications, together with any fees, surcharges and taxes thereon. Upon Landlord's demand, utilities and services provided to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utilities or services.

16.4. Except as approved pursuant to the terms of the Work Letter, Tenant shall not, without Landlord's prior written consent, use any device (including data processing machines) in

the Second Floor Premises or the Fifth Floor Premises, respectively, that will in any way (a) increase the amount of heat, ventilation, air conditioning, air exchange, gas, steam, electricity or water required or consumed in the Second Floor Premises or the Fifth Floor Premises, as applicable, above the Second Floor Premises' or the Fifth Floor Premises' individual proportionate share (based on relative square feet of Rentable Area) of the existing capacity of the Building or the Project usually furnished or supplied for the Permitted Use, or (b) exceed the Second Floor Premises' or the Fifth Floor Premises' individual proportionate share (based on relative square feet of Rentable Area) of the Building's or Project's capacity to provide such utilities or services.

16.5. If Tenant shall require utilities or services in excess of those usually furnished or supplied for tenants in similar spaces in the Building or the Project by reason of Tenant's equipment or extended hours of business operations, then Tenant shall first procure Landlord's consent for the use thereof, which consent Landlord may condition upon the availability of such excess utilities or services, and Tenant shall pay as Additional Rent an amount equal to the cost of providing such excess utilities and services.

16.6. Landlord shall provide water in Common Area for lavatory and landscaping purposes only, which water shall be from the local municipal or similar source; provided, however, that if Landlord determines that Tenant requires, uses or consumes water provided to the Common Area for any purpose other than ordinary lavatory purposes, Landlord may install a water meter ("Tenant Water Meter") and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Landlord for the costs of any Tenant Water Meter and the installation and maintenance thereof during the Term. If Landlord installs a Tenant Water Meter, Tenant shall pay for water consumed, as shown on such meter, as and when bills are rendered. If Tenant fails to timely make such payments, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes stated in this Section shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

16.7. Landlord reserves the right to stop service of the elevator, plumbing, ventilation, air conditioning and utility systems, when necessary or desirable, due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and Landlord shall further have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilation, air conditioning or utility service when prevented from doing so by Force Majeure or, to the extent permitted by Applicable Laws, Landlord's negligence. Without limiting the foregoing, it is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of Force Majeure or, to the extent permitted by Applicable Laws, Landlord's negligence. Notwithstanding the foregoing, to the extent reasonable based on the circumstances at the time, Landlord shall use commercially reasonable efforts to minimize disruption of Tenant's access to, or use of, the Premises while exercising Landlord's reserved rights.

16.8. Tenant shall only be entitled to use up to its proportionate share of power from the existing stand-by power generator for the Building (the "Building Generator") (after deducting any power from the Building Generator required for the Building Common Area and Project Common Area) on a non-exclusive basis with other Tenants in the Building for Tenant's equipment in the Premises; provided that such use shall be subject to any power from the Building Generator required for the Building Common Area and Project Common Area. The cost of maintaining, repairing and replacing the Building Generator shall constitute Operating Expenses. Landlord expressly disclaims any warranties with regard to the Building Generator or the installation thereof, including any warranty of merchantability or fitness for a particular purpose. Landlord shall maintain the Building Generator and any equipment connecting the Building Generator to Tenant's automatic transfer switch in good working condition, provided, however, that Tenant shall be solely responsible, at Tenant's sole cost and expense, (and Landlord shall not be liable) for installing, maintaining and operating Tenant's automatic transfer switch and the distribution of power from Tenant's automatic transfer switch throughout the Premises, and provided further that Landlord shall not be liable for any failure to make any repairs or to perform any maintenance of the Building Generator that is an obligation of Landlord unless and except to the extent that Landlord willfully fails to make such repairs or perform such maintenance and such failure persists for an unreasonable time after Tenant provides Landlord with written notice of the need for such repairs or maintenance. In connection with the foregoing, Landlord's obligation to so repair and maintain the Building Generator shall be limited to the cost of effecting such repair and maintenance and in no event shall Landlord be liable for any costs or expenses in excess of said amounts, including, but not limited to, any consequential damages, opportunity costs or lost profits incurred or suffered by Tenant. Upon receipt of such written notice, Landlord shall promptly commence to cure such failure and shall diligently prosecute the same to completion in accordance with Section 31.12 of this Lease. The provisions of Section 16.2 of this Lease shall apply to the Building Generator. As part of the Second Floor Tenant Improvements and in accordance with the Work Letter, Landlord has approved the installation of other equipment to provide emergency power to the Premises, including an emergency generator, in the location shown on Exhibit H hereto, and with regard to same, Tenant shall perform such installation at its sole cost and shall assume any and all risk and liability therefor, and Landlord shall have no obligation, risk or liability whatsoever with respect to such additional emergency generator, including any obligation to install, operate, maintain or repair such additional emergency generator or to ensure that such emergency generator provides emergency power. The installation of such additional equipment shall constitute Second Floor Tenant Improvements.

16.9. For any utilities serving the Premises for which Tenant is billed directly by such utility provider, Tenant agrees to furnish to Landlord (a) any invoices or statements for such utilities within thirty (30) days after Tenant's receipt thereof, (b) within thirty (30) days after Landlord's request, any other utility usage information reasonably requested by Landlord, and (c) within thirty (30) days after each calendar year during the Term, authorization to allow Landlord to access Tenant's usage information necessary for Landlord to complete an ENERGY STAR® Statement of Performance (or similar comprehensive utility usage report (e.g., related to Labs 21), if requested by Landlord) and any other information reasonably requested by Landlord for the immediately preceding year; and Tenant shall comply with any other energy usage or



consumption requirements required by Applicable Laws. Tenant shall retain records of utility usage at the Premises, including invoices and statements from the utility provider, for at least sixty (60) months, or such other period of time as may be requested by Landlord. Tenant acknowledges that any utility information for the Premises, the Building and the Project may be shared with third parties, including Landlord's consultants and Governmental Authorities. In the event that Tenant fails to comply with this Section, Tenant hereby authorizes Landlord to collect utility usage information directly from the applicable utility providers, and Tenant shall pay Landlord a fee of Five Hundred Dollars (\$500) per month to collect such utility usage information. In addition to the foregoing, Tenant shall comply with all Applicable Laws related to the disclosure and tracking of energy consumption at the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17. Alterations.

17.1. Tenant shall make no alterations, additions or improvements, other than the Second Floor Tenant Improvements, in or to the Premises or engage in any construction, demolition, reconstruction, renovation or other work (whether major or minor) of any kind in, at or serving the Premises ("Alterations") without Landlord's prior written approval, which approval may be subject to the consent of one or more Lenders, if required under any applicable Loan Document, but which approval Landlord shall not otherwise unreasonably withhold; provided, however, that, in the event any proposed Alteration affects (a) any structural portions of the Building, including exterior walls, the roof, the foundation or slab, foundation or slab systems (including barriers and subslab systems) or the core of the Building, (b) the exterior of the Building or (c) any Building systems, including elevator, plumbing, HVAC, electrical, security, life safety and power, then Landlord may withhold or condition its approval in its sole and absolute discretion. Notwithstanding the foregoing, or anything to the contrary in this Lease, any work referenced in the Work Letter as initial Tenant Improvements, whether performed by Landlord or Tenant, shall be governed solely by the Work Letter and not by the terms of this Section 17 (other than Sections 17.7, 17.8 and 17.9), which such terms are not applicable to the initial Tenant Improvements except to the extent expressly incorporated into the Work Letter. Tenant shall, in making any Alterations, use only those architects, contractors, suppliers and mechanics of which Landlord has given prior written approval, which approval shall be in Landlord's reasonable discretion, subject to the last sentence of this Section 17.1. In seeking Landlord's approval, Tenant shall provide Landlord, at least thirty (30) days in advance of the desired commencement date of any proposed construction, with plans, specifications, bid proposals, certified stamped engineering drawings and calculations by Tenant's engineer of record or architect of record (including connections to the Building's structural system, modifications to the Building's envelope, non-structural penetrations in slabs or walls, and modifications or tie-ins to life safety systems), work contracts, requests for laydown areas and such other information concerning the nature and cost of the Alterations as Landlord may reasonably request, provided that Tenant shall not commence any such Alterations that require Landlord's consent unless and until Tenant has received the written approval of Landlord and any and all Lenders whose consent is required under any applicable Loan Document. In no event shall Tenant use or Landlord be required to approve any architects, consultants, contractors, subcontractors or material suppliers that Landlord reasonably believes could cause labor disharmony or may not have sufficient experience, in Landlord's reasonable opinion, to perform work in an occupied Class "A" laboratory research building and in lab areas.

17.2. Tenant shall not construct or permit to be constructed partitions or other obstructions that might interfere with free access to mechanical installation or service facilities of the Building or with other tenants' components located within the Building, or interfere with the moving of Landlord's equipment to or from the enclosures containing such installations or facilities.

17.3. Tenant shall accomplish any work performed on the Premises or the Building in such a manner as to permit any life safety systems to remain fully operable at all times.

17.4. Any work performed on the Premises, the Building or the Project by Tenant or Tenant's contractors as Alterations shall be done at such times and in such manner as Landlord may reasonably designate. Tenant covenants and agrees that all work done by Tenant or Tenant's contractors shall be performed in full compliance with Applicable Laws. Within thirty (30) days after completion of any Alterations, Tenant shall provide Landlord with complete "as built" drawing print sets and electronic CADD files on disc (or files in such other current format in common use as Landlord reasonably approves or requires) showing any changes in the Premises, as well as a commissioning report prepared by a licensed, qualified commissioning agent hired by Tenant and approved by Landlord for all new or affected mechanical, electrical and plumbing systems. Any such "as built" plans shall show the applicable Alterations as an overlay on the Building as-built plans; provided that Landlord provides the Building "as built" plans to Tenant.

17.5. Before commencing any Alterations, Tenant shall (a) give Landlord at least thirty (30) days' prior written notice of the proposed commencement of such work and the names and addresses of the persons supply labor or materials therefor so that Landlord may enter the Premises to post and keep posted thereon and therein notices or to take any further action that Landlord may reasonably deem proper for the protection of Landlord's interest in the Project and (b) shall, if required by Landlord, secure, at Tenant's own cost and expense, a completion and lien indemnity bond satisfactory to Landlord for such work.

17.6. Tenant shall repair any damage to the Premises arising from Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if such space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17.7. The Premises plus any Alterations; Signage; Tenant Improvements; attached equipment, decorations, fixtures and trade fixtures; movable laboratory casework and related appliances; and other additions and improvements attached to or built into the Premises made by either of the parties (including all floor and wall coverings; paneling; sinks and related plumbing fixtures; laboratory benches; exterior venting fume hoods; walk-in freezers and refrigerators; ductwork; conduits; electrical panels and circuits; attached machinery and equipment; and built-in furniture and cabinets, in each case, together with all additions and accessories thereto), shall at all times remain the property of Landlord, shall remain in the Premises and shall remain as

property of Landlord upon Lease expiration or earlier termination and shall be surrendered to Landlord upon the expiration or earlier termination of this Lease; provided, however, (i) the items listed on Exhibit F attached hereto (which Exhibit F may be updated by Tenant from and after the Term Commencement Date, subject to Landlord's written consent) constitute "Tenant's Property," and may be removed by Tenant during the Term, provided Tenant shall remove the same upon the expiration or earlier termination of the Lease, and (ii) Landlord may reasonably condition approval of Alterations requiring Landlord consent (but not including the Tenant Improvements), upon Tenant's removal of same prior to Lease expiration or earlier termination, provided Landlord notes said requirement in writing at the time Landlord provides consent for such Alterations.

17.8. Notwithstanding any other provision of this Article to the contrary, in no event shall Tenant remove any improvement from the Premises in which any Lender has a security interest or as to which Landlord contributed payment, including the Tenant Improvements, without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

17.9. If Tenant shall fail to remove any of its property from the Premises prior to the expiration or earlier termination of this Lease, then Landlord may, at its option, remove the same in any manner that Landlord shall choose and store such effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option and without notice to Tenant, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (a) amounts due by Tenant to Landlord under this Lease and (b) any expenses incident to the removal, storage and sale of such personal property.

17.10. Tenant shall pay to Landlord an amount equal to two and one-half percent (2.5%) of the cost to Tenant of all Alterations requiring Landlord consent, but not including the initial Tenant Improvements work, which is subject only to the fee required by Section 4.3 herein above, to cover Landlord's overhead and expenses for plan review, engineering review, coordination, scheduling and supervision thereof or obtaining any required Lender consent. For purposes of payment of such sum, Tenant shall, within thirty (30) days after substantial completion of an Alteration project for which Landlord consent was required, submit to Landlord copies of all bills, invoices and statements covering the costs of such charges, accompanied by payment to Landlord of the fee set forth in this Section. Tenant shall reimburse Landlord for any extra expenses incurred by Landlord by reason of faulty work done by Tenant or its contractors, or by reason of delays arising from such faulty work, or by reason of inadequate clean-up.

17.11. Within sixty (60) days after final completion of any Alterations performed by Tenant with respect to the Premises, Tenant shall submit to Landlord documentation showing the amounts expended by Tenant with respect to such Alterations, together with reasonable supporting documentation and any other information or documentation reasonably requested by Landlord. Landlord shall not publish or distribute such information, but may disclose it to Landlord's affiliates and their respective employees, officers, directors, shareholders, partners, members, attorneys, accountants, advisors, lenders and agents with a legitimate business reason for needing the information, or as required by Applicable Laws.

17.12. Tenant shall take, and shall cause its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Alterations, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

17.13. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and Lenders as additional insureds on their respective insurance policies.

18. Repairs and Maintenance.

18.1. Landlord shall repair and maintain the structural and exterior portions and Common Area of the Building and the Project, including roofing and covering materials; foundations (excluding any architectural slabs, but including any structural slabs); exterior walls; plumbing; fire sprinkler systems (if any); base Building HVAC systems up to the first damper or isolation valve that serves the Premises (for purposes of clarity, the portion of the HVAC system that includes such first damper or isolation valve and extends into and through the Premises, and any supplemental HVAC serving the Premises shall not be part of the base Building HVAC and shall be Tenant's obligation to maintain and repair pursuant to Section 18.2 below); elevators; and base Building electrical systems installed or furnished by Landlord.

18.2. Except for services of Landlord, if any, required by Section 18.1, Tenant shall at Tenant's sole cost and expense maintain and keep the Premises (including but not limited to the portion of the HVAC system that includes the first damper or isolation valve and extends into and through the Premises, any supplemental HVAC serving the Premises, and any other systems or equipment exclusively serving the Premises) and every part thereof in good condition and repair, damage thereto from ordinary wear and tear excepted, and shall, within ten (10) days after receipt of written notice from Landlord, provide to Landlord any maintenance records that Landlord reasonably requests. Tenant shall, upon the expiration or sooner termination of the Term, vacate and surrender the Premises to Landlord in broom-clean and vacant condition, with Tenant's Property removed consistent with the terms of Section 17.7, and any damage caused by removal of Tenant's Property repaired, and shall, at Landlord's request and at Tenant's sole cost and expense, cure all violations of Tenant's obligations under the first sentence of Section 18.2 and remove all of Tenant's telephone and data systems and their associated wiring and equipment from the Premises, and repair any damage to the Premises caused thereby (collectively, the "Surrender Obligations"), notwithstanding any Restoration Deposit. Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, other than pursuant to the terms and provisions of the Work Letter.

18.3. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance that is Landlord's obligation pursuant to this Lease unless such failure shall persist for an unreasonable time after Tenant provides Landlord with written notice of the need of such repairs or maintenance. Notwithstanding the foregoing, in no event shall Landlord be liable for any consequential damages, opportunity costs or lost profits incurred or suffered by Tenant in connection with the foregoing. Tenant waives its rights under Applicable Laws now or hereafter in effect to make repairs at Landlord's expense.

18.4. If any excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter the Premises for the purpose of performing such work as such person shall deem necessary or desirable to preserve and protect the Building from injury or damage and to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under this Lease.

18.5. This Article relates to repairs and maintenance arising in the ordinary course of operation of the Building and the Project. In the event of a casualty described in Article 24, Article 24 shall apply in lieu of this Article. In the event of eminent domain, Article 25 shall apply in lieu of this Article.

18.6. Costs incurred by Landlord pursuant to this Article shall constitute Operating Expenses. Notwithstanding the foregoing, to the extent that the cost of such repairs and maintenance arising from Tenant's acts, neglect, fault or omissions (but not gross negligence or willful misconduct) exceeds the limits of any insurance maintained or required to be maintained by Tenant pursuant to this Lease but are covered by insurance maintained or required to be maintained by Landlord under this Lease, then Landlord shall file a claim for such excess pursuant to Landlord's insurance and Tenant shall reimburse Landlord for the deductible therefor within thirty (30) days after receipt of an invoice therefor (or, if Landlord has not obtained or maintained the insurance it is required to obtain and maintain pursuant to this Lease, Landlord shall pay such excess, other than what the deductible would have been had Landlord obtained and maintained the requisite insurance, which Tenant shall pay to Landlord within thirty (30) days after receipt of an invoice therefor).

#### 19. Liens.

19.1. Subject to the immediately succeeding sentence, Tenant shall keep the Premises, the Building and the Project free from any liens arising from work or services performed, materials furnished to or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's or materialman's lien filed against the Premises, the Building or the Project for work or services claimed to have been done for, or materials claimed to have been furnished to, or obligations incurred by Tenant shall be discharged or bonded by Tenant within ten (10) days after Tenant learns of the filing thereof, at Tenant's sole cost and expense.

19.2. Should Tenant fail to discharge or bond against any lien of the nature described in Section 19.1, Landlord may, at Landlord's election, pay such claim or post a statutory lien bond or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall immediately reimburse Landlord for the costs thereof as Additional Rent. Tenant shall Indemnify the Landlord Indemnitees from and against any Claims arising from any such liens, including any administrative, court or other legal proceedings related to such liens.

19.3. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Premises, the Building or the Project be furnished on a financing statement without qualifying language as to applicability of the lien only to removable personal property located in an identified suite leased by Tenant. Should any holder of a financing statement record or place of record a financing statement that appears to constitute a lien against any interest of Landlord or against equipment that may be located other than within an identified suite leased by Tenant, Tenant shall, within ten (10) days after filing such financing statement, cause (a) a copy of the lender security agreement or other documents to which the financing statement pertains to be furnished to Landlord to facilitate Landlord's ability to demonstrate that the lien of such financing statement is not applicable to Landlord's interest and (b) Tenant's lender to amend such financing statement and any other documents of record to clarify that any liens imposed thereby are not applicable to any interest of Landlord in the Premises, the Building or the Project.

20. Estoppel Certificate. Each party shall, within ten (10) days after receipt of written notice from the other party, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit G, or on any other form reasonably similar, certifying that: (a) this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) there are not, to that party's knowledge, any uncured defaults on the part of the other party hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be requested thereon. Any such statements may be relied upon by the requesting party and by any prospective purchaser or encumbrancer of all or any portion of the Property. In the event that Tenant fails to timely execute, acknowledge and deliver such statement as described in this Section 20, then Landlord shall deliver an additional notice to Tenant requesting that Tenant timely deliver such estoppel certificate; provided, however, that if Tenant fails to timely deliver such estoppel certificate within three (3) business days after such second (2nd) written notice from Landlord, Tenant accepts, acknowledges and agrees that it shall be conclusive upon Tenant that (i) this Lease is unmodified and in full force and effect, without modification except as may be represented by Landlord, (ii) there are no uncured defaults in Landlord's performance under this Lease, and (iii) as to the truth and accuracy of any other matters set forth in the estoppel certificate, in the form referenced in Exhibit G, submitted by Landlord.

21. Hazardous Materials.

21.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises, the Building or the Project in violation of Applicable Laws by Tenant or any of its employees, agents, contractors or invitees (collectively with Tenant, each a "Tenant Party"). If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Project, any

portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or any holding over by Tenant hereunder (other than if such contamination results from (i) migration of Hazardous Materials from outside the Premises not arising from the acts or omissions of a Tenant Party or coming from property owned or leased by a Tenant Party or (ii) to the extent such contamination arises directly from Landlord's gross negligence or willful misconduct) or (d) contamination of the Project occurs as a result of Hazardous Materials that are placed on or under or are released into the Project by a Tenant Party, then Tenant shall Indemnify the Landlord Indemnitees from and against any and all Claims of any kind or nature, including (w) diminution in value of the Project or any portion thereof, (x) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Project, (y) damages arising from any adverse impact on marketing of space in the Project or any portion thereof and (z) sums paid in settlement of Claims that arise before, during or after the Term as a result of such breach or contamination. This Indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any Governmental Authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Project. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Project, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Project, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Project, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Project, any portion thereof or any adjacent property. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Notwithstanding the foregoing, Landlord shall Indemnify the Tenant Parties from and against any and all Claims arising from the presence of Hazardous Materials at the Project in violation of Applicable Laws as of the Execution Date, unless placed, caused or exacerbated at the Project by a Tenant Party.

21.2. Landlord acknowledges that it is not the intent of this Article to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental Applicable Laws in the form of a Tier II form pursuant to Section 312 of the Emergency Planning and Community Right-to-Know Act of 1986 (or any successor statute) or any other form reasonably requested by Landlord, (b) a list of any and all approvals or permits from Governmental Authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of (i) notices of violations of Applicable Laws related to Hazardous Materials

and (ii) plans relating to the installation of any storage tanks to be installed in, on, under or about the Project (provided that installation of storage tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent Landlord may withhold in its sole and absolute discretion) and closure plans or any other documents required by any and all Governmental Authorities for any storage tanks installed in, on, under or about the Project for the closure of any such storage tanks (collectively, "Hazardous Materials Documents"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials, in which case Tenant shall deliver updated Hazardous Materials documents (without Landlord having to request them) before or, if not practicable to do so before, as soon as reasonably practicable after the occurrence of the events in Subsection 21.2(m) or (n). For each type of Hazardous Material listed, the Hazardous Materials Documents shall include (t) the chemical name, (u) the material state (e.g., solid, liquid, gas or cryogen), (v) the concentration, (w) the storage amount and storage condition (e.g., in cabinets or not in cabinets), (x) the use amount and use condition (e.g., open use or closed use), (y) the location (e.g., room number or other identification) and (z) if known, the chemical abstract service number. Notwithstanding anything in this Section to the contrary, Tenant shall not be required to provide Landlord with any documents containing information of a proprietary nature, unless such documents contain a reference to Hazardous Materials or activities related to Hazardous Materials. Landlord may, at Landlord's expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with Applicable Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

21.3. Tenant represents and warrants to Landlord that it is not nor has it been, in connection with the use, disposal or storage of Hazardous Materials, (a) subject to a material enforcement order issued by any Governmental Authority or (b) required to take any remedial action.

21.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials exist at the Project in violation of this Lease.

21.5. If underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant



(or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws. Tenant shall have no responsibility or liability for underground or other storage tanks installed by anyone other than Tenant unless Tenant utilizes such tanks, in which case Tenant's responsibility for such tanks shall be as set forth in this Section.

21.6. Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

21.7. Tenant's obligations under this Article shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any such Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Article 27.

21.8. As used herein, the term "Hazardous Material" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by Applicable Laws or any Governmental Authority.

21.9. Notwithstanding anything to the contrary in this Lease, Landlord shall have sole control over the equitable allocation of fire control areas (as defined in the Uniform Building Code as adopted by the city or municipality(ies) in which the Project is located (the "UBC")) within the Project for the storage of Hazardous Materials. Notwithstanding anything to the contrary in this Lease, the quantity of Hazardous Materials allowed by this Section is specific to Tenant and shall not run with the Lease in the event of a Transfer (as defined in Article 29). In the event of a Transfer, if the use of Hazardous Materials by such new tenant ("New Tenant") is such that New Tenant utilizes fire control areas in the Project in excess of New Tenant's Pro Rata Share of the Building or the Project, as applicable, then New Tenant shall, at its sole cost and expense and upon Landlord's written request, establish and maintain a separate area of the Premises classified by the UBC as an "H" occupancy area for the use and storage of Hazardous Materials, or take such other action as is necessary to ensure that its share of the fire control areas of the Building and the Project is not greater than New Tenant's Pro Rata Share of the Building or the Project, as applicable. Notwithstanding anything in this Lease to the contrary, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of fire control areas, it being acknowledged by Tenant that Tenant and other tenants are best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

22. **Odors and Exhaust.** Tenant acknowledges that Landlord would not enter into this Lease with Tenant unless Tenant assured Landlord that under no circumstances will any other occupants of the Building or the Project (including persons legally present in any outdoor areas of the Project) be subjected to odors or fumes (whether or not noxious), and that the Building and the Project will not be damaged by any exhaust, in each case from Tenant's operations. Landlord and Tenant therefore agree as follows:

22.1. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises unless properly vented in a manner approved by Landlord in Landlord's reasonable discretion.

22.2. If the Building has a ventilation system that, in Landlord's judgment, is adequate, suitable, and appropriate to vent the Premises in a manner that does not release odors affecting any indoor or outdoor part of the Project, Tenant shall vent the Premises through such system. If Landlord at any time determines that any existing ventilation system is inadequate, or if no ventilation system exists, Tenant shall in compliance with Applicable Laws vent all fumes and odors from the Premises (and remove odors from Tenant's exhaust stream) as Landlord requires. The placement and configuration of all ventilation exhaust pipes, louvers and other equipment shall be subject to Landlord's approval. Landlord may require Tenant to abate and vent all odors in a manner that goes beyond the requirements of Applicable Laws.

22.3. Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to completely remove, eliminate and abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations.

22.4. Tenant's responsibility to remove, eliminate and abate odors, fumes and exhaust shall, as described in this Section 22, continue throughout the Term. Neither of Landlord's approval of the Second Floor Tenant Improvements nor construction of the Fifth Floor Tenant Improvements shall preclude Landlord from requiring additional measures to eliminate odors, fumes and other adverse impacts of Tenant's exhaust stream (as Landlord may designate in Landlord's discretion). Tenant shall install additional equipment as Landlord requires from time to time under the preceding sentence. Such installations shall constitute Alterations.

22.5. If Tenant fails to install satisfactory odor control equipment within ten (10) business days after Landlord's demand made at any time, then Landlord may (but shall not be obligated to), without limiting Landlord's other rights and remedies, (i) require Tenant to cease and suspend any operations in the Premises that, in Landlord's determination, cause odors, fumes or exhaust or (ii) enter upon the Premises and make such installation of satisfactory odor control equipment without liability to Tenant for any loss or damage that may accrue to Tenant or its merchandise, fixtures or other property or to Tenant's business by reason thereof. Notwithstanding the foregoing, Landlord shall not exercise its remedies set forth in clauses (i) or (ii) above if Tenant commences to install satisfactory odor control equipment within ten (10) business days after Landlord's demand (with evidence satisfactory of such commencement

delivered to Landlord) and thereafter diligently prosecutes the same to completion; provided, that such installation is completed no later than thirty (30) days after Tenant's receipt of such demand from Landlord, and provided, further, that if such installation is not completed no later than thirty (30) days after Tenant's receipt of such demand from Landlord, then Landlord may elect to exercise its remedies set forth in either or both of clauses (i) and (ii). All sums reasonably disbursed, deposited or incurred by Landlord in connection with such installation shall be due and payable by Tenant to Landlord, as an item of Additional Rent, on demand by Landlord, together with interest at the Default Rate on such aggregate amount from the date of such demand until paid by Tenant. For example, if Landlord determines that Tenant's production of a certain type of product causes odors, fumes or exhaust, and Tenant does not install satisfactory odor control equipment within ten (10) business days after Landlord's request, then Landlord may require Tenant to stop producing such type of product in the Premises unless and until Tenant has installed odor control equipment satisfactory to Landlord or enter upon the Premises and install such satisfactory odor control equipment at Tenant's cost and expense.

23. Insurance.

23.1. Landlord shall maintain insurance for the Building and the Project in amounts equal to full replacement cost (exclusive of the costs of excavation, foundations and footings, engineering costs or such other costs to the extent the same are not incurred in the event of a rebuild and without reference to depreciation taken by Landlord upon its books or tax returns) or such lesser coverage as Landlord may elect, provided that such coverage shall not be less than the amount of such insurance Landlord's Lender, if any, requires Landlord to maintain, providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage (if applicable), vandalism and malicious mischief. Landlord, subject to availability thereof, shall further insure, if Landlord deems it appropriate, coverage against flood, environmental hazard, earthquake, loss or failure of building equipment, rental loss during the period of repairs or rebuilding. Workers' Compensation insurance and fidelity bonds for employees employed to perform services. Notwithstanding the foregoing, Landlord may, but shall not be deemed required to, provide insurance for any improvements installed by Tenant or that are in addition to the standard improvements customarily furnished by Landlord, without regard to whether or not such are made a part of or are affixed to the Building.

23.2. In addition, Landlord shall carry Commercial General Liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence/general aggregate for bodily injury (including death), or property damage with respect to the Project.

23.3. Tenant shall, at its own cost and expense, procure and maintain during the Term the following insurance for the benefit of Tenant and Landlord (as their interests may appear) with insurers financially acceptable and lawfully authorized to do business in the state where the Premises are located:

(a) Commercial General Liability insurance on a broad-based occurrence coverage form, with coverages including but not limited to bodily injury (including death), property damage (including loss of use resulting therefrom), premises/operations, personal &

advertising injury, and contractual liability with limits of liability of not less than \$1,000,000 for bodily injury and property damage per occurrence, \$2,000,000 general aggregate, which limits may be met by use of excess and/or umbrella liability insurance; provided that such coverage is at least as broad as the primary coverages required herein.

(b) Commercial Automobile Liability insurance covering liability arising from the use or operation of any auto on behalf of Tenant or invited by Tenant (including those owned, hired, rented, leased, borrowed, scheduled or non-owned). Coverage shall be on a broad-based occurrence form in an amount not less than \$2,000,000 combined single limit per accident for bodily injury and property damage. Such coverage shall apply to all vehicles and persons, whether accessing the property with active or passive consent. These limits may be met by use of excess and/or umbrella liability insurance; provided that such coverage follows form with the underlying coverages required herein.

(c) Commercial Property insurance covering property damage to the full replacement cost value and business interruption. Covered property shall include all tenant improvements in the Premises (to the extent not insured by Landlord pursuant to Section 23.1) and Tenant's property including personal property, furniture, fixtures, machinery, equipment, stock, inventory and improvements and betterments, which may be owned by Tenant or Landlord and required to be insured hereunder, or which may be leased, rented, borrowed or in the care custody or control of Tenant, or Tenant's agents, employees or subcontractors. Such insurance, with respect only to all Tenant Improvements, Alterations or other work performed on the Premises by Tenant (collectively, "Tenant Work"), shall name Landlord and Landlord's current and future mortgagees as payees as their interests may appear as loss payee. Such insurance shall be written on an "all risk" of physical loss or damage basis including the perils of fire, extended coverage, electrical injury, mechanical breakdown, windstorm, vandalism, malicious mischief, sprinkler leakage, back-up of sewers or drains, earthquake, terrorism and such other risks Landlord may from time to time designate, for the full replacement cost value of the covered items with no co-insurance. Business interruption coverage shall have limits sufficient to cover Tenant's lost profits and necessary continuing expenses, including rents due Landlord under the Lease. The minimum period of indemnity for business interruption coverage shall be twenty-four (24) months.

(d) Workers' Compensation in compliance with all Applicable Laws or as may be available on a voluntary basis. Employer's Liability must be at least in the amount of \$1,000,000 for bodily injury by accident for each employee, \$1,000,000 for bodily injury by disease for each employee, and \$1,000,000 bodily injury by disease for policy limit.

(e) Medical malpractice insurance at limits of not less than \$1,000,000 each claim during such periods, if any, that Tenant engages in the practice of medicine or clinical trials involving human beings at the Premises.

(f) Pollution Legal Liability insurance is required if Tenant stores, handles, generates or treats Hazardous Materials, as determined solely by Landlord, on or about the Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including physical injury to or destruction of

tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the commencement date of this agreement, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than \$1,000,000 per incident with a \$5,000,000 policy aggregate and for a period of two (2) years thereafter.

(g) Umbrella/excess liability insurance with minimum limits of \$5,000,000 per occurrence, \$5,000,000 general aggregate and \$5,000,000 products/completed operation aggregate. Such policies must provide excess coverage above all policies noted in this Section 23.3 that Tenant is required to obtain (other than any property insurance policy). Coverage shall be at least as broad as the underlying coverages.

(h) The insurance coverages required in Exhibit B-1 in connection with all construction by Tenant or on behalf of Tenant at the Premises (including the Second Floor Tenant Improvements and any Alterations).

23.4. The insurance required of Tenant by this Article shall be with companies at all times having a current rating of not less than A- and financial category rating of at least Class VII in "A.M. Best's Insurance Guide" current edition. Tenant shall obtain for Landlord from the insurance companies/broker or cause the insurance companies/broker to furnish certificates of insurance evidencing all coverages required herein to Landlord. Landlord reserves the right to require complete, certified copies of all required insurance policies including any endorsements. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days' prior written notice to Landlord from Tenant or its insurers (except in the event of non-payment of premium, in which case ten (10) days' written notice shall be given). All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's required policies shall contain severability of interests clauses stating that, except with respect to limits of insurance, coverage shall apply separately to each insured or additional insured. Tenant shall, on the date of expiration of such policies, furnish Landlord with renewal certificates of insurance or binders. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent. Commercial General Liability, Commercial Automobile Liability, Umbrella Liability and Pollution Legal Liability insurance as required above shall name Landlord, BioMed Realty LLC, BioMed Realty, L.P., BRE Edison L.P., BRE Edison LLC, BRE Edison Holdings L.P., BRE Edison Holdings LLC, BRE Edison Parent L.P. and their respective officers, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("Landlord Parties") as additional insureds as respects liability arising from work or operations performed by or on behalf of Tenant, Tenant's use or occupancy of Premises, and ownership, maintenance or use of vehicles by or on behalf of Tenant.

23.5. In each instance where insurance is to name Landlord Parties as additional insureds, Tenant shall, upon Landlord's written request, also designate and furnish certificates evidencing such Landlord Parties as additional insureds to (a) any Lender of Landlord holding a security interest in the Building or the Project, (b) the landlord under any lease whereunder Landlord is a tenant of the real property upon which the Building is located if the interest of Landlord is or shall become that of a tenant under a ground lease rather than that of a fee owner and (c) any management company retained by Landlord to manage the Project.

23.6. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

23.7. Tenant, on behalf of itself and its insurers, hereby waives any and all rights of recovery against the Landlord Parties with respect to any loss, damage, claims, suits or demands, howsoever caused, that are covered, or should have been covered, by valid and collectible workers' compensation, employer's liability insurance and other liability insurance required to be obtained and carried by Tenant pursuant to this Article, including any deductibles or self-insurance maintained thereunder. Tenant agrees to endorse the required workers' compensation, employer's liability and other liability insurance policies to permit waivers of subrogation as required hereunder and hold harmless and indemnify the Landlord Parties for any loss or expense incurred as a result of a failure to obtain such waivers of subrogation from insurers. Such waivers shall continue so long as Tenant's insurers so permit. Any termination of such a waiver shall be by written notice to Landlord, containing a description of the circumstances hereinafter set forth in this Section. Tenant, upon obtaining the policies of workers' compensation, employer's liability and other liability insurance required or permitted under this Lease, shall give notice to its insurance carriers that the foregoing waiver of subrogation is contained in this Lease. If such policies shall not be obtainable with such waiver or shall be so obtainable only at a premium over that chargeable without such waiver, then Tenant shall notify Landlord of such conditions. In addition, each of Landlord and Tenant, on behalf of itself and its insurers, hereby waives all rights of subrogation against the other party or such other party's insurers with respect to any Claims covered by any other insurance policies required to be obtained and maintained by the non-waiving party pursuant to this Lease, or that would have been covered had the non-waiving party obtained and maintained such policies, except to the extent of the non-waiving party's gross negligence or willful misconduct.

23.8. Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's Lender or to bring coverage limits to levels then being required of new tenants within the Project.

23.9. In addition to other insurance required by this Lease to be carried by Tenant, if Tenant sells, merchandises, transfers, gives away or exchanges so-called "alcoholic liquors" in, upon or from any part of the Premises, then Tenant shall, at Tenant's sole cost and expense, purchase and maintain in full force and effect during the Term dram shop insurance in form and substance satisfactory to Landlord, with total limits of liability for bodily injury, loss of means of support and property damage for each occurrence in an amount and with a carrier reasonably acceptable to Landlord, and otherwise in compliance with the general provisions of this Article governing the provision of insurance by Tenant. Such policy shall name Landlord and the Landlord Parties as additional insureds against any liability by virtue of Applicable Laws concerning the use, sale or giving away of alcoholic liquors. If at any time such insurance is for any reason not in force, then during all and any such times no selling, merchandising, transferring, giving away or exchanging of so-called "alcoholic liquors" shall be conducted by Tenant in, upon or from any part of the Premises.

23.10. Any costs incurred by Landlord pursuant to this Article shall constitute a portion of Operating Expenses.

23.11. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

24. Damage or Destruction.

24.1. In the event of a partial destruction of (a) the Premises, (b) the Building, (c) the Common Area or (d) the Project ((a)-(d) collectively, the "Affected Areas") by fire or other perils covered by extended coverage insurance not exceeding twenty-five percent (25%) of the full insurable value thereof, and provided that (w) the damage thereto is such that the Affected Areas may be repaired, reconstructed or restored within a period of six (6) months from the date of the happening of such casualty, (x) Landlord shall receive insurance proceeds from its insurer or Lender sufficient to cover the cost of such repairs, reconstruction and restoration (except for any deductible amount provided by Landlord's policy, which deductible amount, if paid by Landlord, shall constitute an Operating Expense), (y) the repair, reconstruction or restoration of the Affected Areas is permitted by all applicable Loan Documents or otherwise consented to by any and all Lenders whose consent is required thereunder and (z) such casualty was not intentionally caused by a Tenant Party, then Landlord shall commence and proceed diligently with the work of repair, reconstruction and restoration of the Affected Areas and this Lease shall continue in full force and effect.

24.2. In the event of any damage to or destruction of the Building or the Project other than as described in Section 24.1, Landlord may elect to repair, reconstruct and restore the Building or the Project, as applicable, in which case this Lease shall continue in full force and effect. If Landlord elects not to repair, reconstruct and restore the Building or the Project, as applicable, then this Lease shall terminate as of the date of such damage or destruction. In the event of any damage or destruction (regardless of whether such damage is governed by Section 24.1 or this Section), if (a) in Landlord's determination as set forth in the Damage Repair Estimate (as defined below), the Affected Areas cannot be repaired, reconstructed or restored within twelve (12) months after the date of such casualty, (b) subject to Section 24.6, the

Affected Areas are not actually repaired, reconstructed and restored within twelve (12) months after the date of such casualty, or (c) the damage and destruction occurs within the last twelve (12) months of the then-current Term, then Tenant shall have the right to terminate this Lease, effective as of the date of such damage or destruction, by delivering to Landlord its written notice of termination (a "Termination Notice") (y) with respect to Subsections 24.2(a) and (c) above, no later than fifteen (15) days after Landlord delivers to Tenant Landlord's Damage Repair Estimate and (z) with respect to Subsection 24.2(b), no later than fifteen (15) days after such twelve (12) month period (as the same may be extended pursuant to Section 24.6) expires. If Tenant provides Landlord with a Termination Notice pursuant to Subsection 24.2(z), Landlord shall have an additional thirty (30) days after receipt of such Termination Notice to complete the repair, reconstruction and restoration. If Landlord does not complete such repair, reconstruction and restoration within such thirty (30) day period, then Tenant may terminate this Lease in its entirety by giving Landlord written notice within two (2) business days after the expiration of such thirty (30) day period. If Landlord does complete such repair, reconstruction and restoration within such thirty (30) day period, then this Lease shall continue in full force and effect.

24.3. As soon as reasonably practicable, but in any event within sixty (60) days following the date of damage or destruction, Landlord shall notify Tenant of Landlord's good faith estimate of the period of time in which the repairs, reconstruction and restoration will be completed (the "Damage Repair Estimate"), which estimate shall be based upon the opinion of a contractor reasonably selected by Landlord and experienced in comparable repair, reconstruction and restoration of similar buildings. Additionally, Landlord shall give written notice to Tenant as soon as reasonably practicable, but in any event within sixty (60) days following the date of damage or destruction of its election not to repair, reconstruct or restore the Building or the Project, as applicable.

24.4. Solely in the event that (1) Landlord terminates this Lease under any provision of this Article 24 and (2) such casualty is not caused by or arises due to the actions or omissions of Tenant or Tenant's agents, employees, invitees or contractors, then (i) Landlord shall return the full Restoration Deposit within ten (10) business days after termination, and (ii) the parties shall be released thereby without further obligation to the other from the date possession of the Premises is surrendered to Landlord, except with regard to (a) items occurring prior to the damage or destruction and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof. Upon any termination of this Lease under any provision of this Article 24, the unapplied portion of the Security Deposit shall be withheld or released pursuant to the terms and conditions of Section 11 of this Lease.

24.5. In the event of repair, reconstruction and restoration as provided in this Article, all Rent to be paid by Tenant under this Lease shall be abated proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair, reconstruction and restoration that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business; provided, however, that the amount of such abatement shall be reduced by the amount of Rent that is received by Tenant as part of the business interruption or loss of rental income with respect to the Premises from the proceeds of business interruption or loss of rental income insurance.



24.6. Notwithstanding anything to the contrary contained in this Article, (a) Landlord shall not be required to repair, reconstruct or restore any damage or destruction to the extent that Landlord is prohibited from doing so by any applicable Loan Document or any Lender whose consent is required thereunder withholds its consent, and (b) should Landlord be delayed or prevented from completing the repair, reconstruction or restoration of the damage or destruction to the Premises after the occurrence of such damage or destruction by Force Majeure or delays caused by a Lender or Tenant Party, then the time for Landlord to commence or complete repairs, reconstruction and restoration shall be extended on a day-for-day basis for up to one hundred eighty (180) days; provided, however, that, at Landlord's election, Landlord shall be relieved of its obligation to make such repairs, reconstruction and restoration.

24.7. If Landlord is obligated to or elects to repair, reconstruct or restore as herein provided, then Landlord shall be obligated to make such repairs, reconstruction or restoration only with regard to (a) those portions of the Premises that were originally provided at Landlord's expense and (b) the Common Area portion of the Affected Areas. The repairs, reconstruction or restoration of improvements not originally provided by Landlord or at Landlord's expense shall be the obligation of Tenant; provided, however, Landlord Parties shall release any and all interest in Tenant's insurance proceeds required for Tenant to perform such work, unless Tenant is then in default. In the event Tenant has elected to upgrade certain improvements from the Building Standard. Landlord shall, upon the need for replacement due to an insured loss, provide only the Building Standard, unless Tenant again elects to upgrade such improvements and pay any incremental costs related thereto, except to the extent that excess insurance proceeds, if received, are adequate to provide such upgrades, in addition to providing for basic repairs, reconstruction and restoration of the Premises, the Building and the Project.

24.8. Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises if the damage resulting from any casualty covered under this Article occurs: (a) during the seventh (7th) through twelfth (12th) months prior to the expiration of the Term and the Damage Repair Estimate indicates that more than thirty (30) days will be required for such repair, reconstruction or restoration, or (b) during the last six (6) months of the Term.

24.9. Landlord's obligation, should it elect or be obligated to repair, reconstruct or restore, shall be limited to the Affected Areas, and shall be conditioned upon Landlord receiving any permits or authorizations required by Applicable Laws. Tenant shall, at its expense, replace or fully repair all of Tenant's personal property and any Alterations installed by Tenant existing at the time of such damage or destruction. If Affected Areas are to be repaired, reconstructed or restored in accordance with the foregoing, Landlord shall make available to Tenant any portion of insurance proceeds it receives that are allocable to the Alterations constructed by Tenant pursuant to this Lease; provided Tenant is not then in default under this Lease, and subject to the requirements of any Lender of Landlord.

24.10. This Article sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

25. Eminent Domain.

25.1. In the event (a) the whole of all Affected Areas or (b) such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises for the Permitted Use shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority, except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

25.2. In the event of a partial taking of (a) the Building or the Project or (b) drives, walkways or parking areas serving the Building or the Project for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease (except with regard to (a) items occurring prior to the taking and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof) as of such taking if such taking is, in Landlord's reasonable determination, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting office or laboratory space.

25.3. To the extent permitted under all applicable Loan Documents or otherwise consented to by any and all Lenders whose consent is required thereunder, Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense and (b) the costs of Tenant moving to a new location. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

25.4. If, upon any taking of the nature described in this Article, this Lease continues in effect, then Landlord shall promptly proceed to restore the Affected Areas to substantially their same condition prior to such partial taking. To the extent such restoration is infeasible, as determined by Landlord in its reasonable discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant. Notwithstanding anything to the contrary contained in this Article, Landlord shall not be required to restore the Affected Areas to the extent that Landlord is prohibited from doing so by any applicable Loan Document or any Lender whose consent is required thereunder withholds its consent.

25.5. Solely in the event that (1) the whole of all Affected Areas shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking or (2) Landlord

terminates this Lease under any provision of this Article 25, then (i) Landlord shall return the full Restoration Deposit within ten (10) business days after termination, and (ii) the parties shall be released thereby without further obligation to the other from the date possession of the Premises is surrendered to Landlord, except with regard to provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof. Upon any termination of this Lease under any provision of this Article 25, the unapplied portion of the Security Deposit shall be withheld or released pursuant to the terms and conditions of Section 11 of this Lease.

25.6 This Article sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

26. Surrender.

26.1. At least thirty (30) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Premises ("Exit Survey") prepared by an independent third party state-certified professional with appropriate expertise, which Exit Survey must be reasonably acceptable to Landlord. The Exit Survey shall comply with the American National Standards Institute's Laboratory Decommissioning guidelines (ANSI/AIHA Z9.11-2008) or any successor standards published by ANSI or any successor organization (or, if ANSI and its successors no longer exist, a similar entity publishing similar standards). In addition, at least ten (10) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall (a) provide Landlord with written evidence of all appropriate governmental releases obtained by Tenant in accordance with Applicable Laws, including laws pertaining to the surrender of the Premises, (b) place Laboratory Equipment Decontamination Forms on all decommissioned equipment to assure safe occupancy by future users and (c) conduct a site inspection with Landlord. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey and comply with any recommendations set forth in the Exit Survey. Tenant's obligations under this Section shall survive the expiration or earlier termination of the Lease.

26.2. No surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

26.3. The voluntary or other surrender of this Lease by Tenant shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building, the Property or the Project, unless Landlord consents in writing, and shall, at Landlord's option, operate as an assignment to Landlord of any or all subleases.

26.4. The voluntary or other surrender of any ground or other underlying lease that now exists or may hereafter be executed affecting the Building or the Project, or a mutual cancellation thereof or of Landlord's interest therein by Landlord and its lessor shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building or the Property and shall, at the option of the successor to Landlord's interest in the Building or the Project, as applicable, operate as an assignment of this Lease.

27. Holding Over.

27.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month to month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent in accordance with Article 7 and (b) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect, including payments for Additional Rent and Tenant's Adjusted Share of Operating Expenses. Any such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

27.2. Notwithstanding the foregoing, if Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without Landlord's prior written consent, (a) Tenant shall become a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly rent shall be equal to one hundred fifty percent (150%) of the Rent in effect during the last thirty (30) days of the Term, and (b) if Tenant remains in possession of the Premises for at least ten (10) days after the expiration or earlier termination of the Term without Landlord's prior written consent, Tenant shall be liable to Landlord for any and all damages suffered by Landlord as a result of such holdover, including any lost rent or consequential, special and indirect damages (in each case, regardless of whether such damages are foreseeable).

27.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease.

27.4. The foregoing provisions of this Article are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws.

27.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

28. Indemnification and Exculpation.

28.1. Tenant agrees to Indemnify the Landlord Indemnitees from and against any and all Claims of any kind or nature, real or alleged, arising from (a) injury to or death of any person or damage to any property occurring within or about the Premises, the Building, the Property or the Project (with respect to the Fifth Floor Premises, from and after the Term Commencement Date, and with respect to the Second Floor Premises, from and after the date that Tenant first accesses the Second Floor Premises for the purpose of performing the Second Floor Tenant Improvements after the Execution Date), arising directly or indirectly out of (i) the presence at or use or occupancy of the Premises or Project by a Tenant Party or (ii) an act or omission (where there was a duty to act) on the part of any Tenant Party, (b) a default by Tenant in the performance of any of its obligations hereunder (beyond applicable notice and cure periods), or (c) injury to or death of persons or damage to or loss of any property, real or alleged, arising from the serving of alcoholic beverages at the Premises or Project, including liability under any

dram shop law, host liquor law or similar Applicable Law, except to the extent directly arising from Landlord's negligence or willful misconduct. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease.

28.2. Notwithstanding anything in this Lease to the contrary, Landlord shall not be liable to Tenant for and Tenant assumes all risk of (a) damage or losses arising from fire, electrical malfunction, gas explosion or water damage of any type (including broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of lines), unless any such loss is due to Landlord's willful disregard of written notice by Tenant of need for a repair that Landlord is responsible to make for an unreasonable period of time, and (b) damage to personal property or scientific research, including loss of records kept by Tenant within the Premises (in each case, regardless of whether such damages are foreseeable). Tenant further waives any claim for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section. Notwithstanding anything in the foregoing or this Lease to the contrary, except (x) as otherwise expressly provided herein (including, without limitation, Section 27.2), (y) as may be provided by Applicable Laws or (z) in the event of Tenant's breach of Article 21 or Section 26.1, in no event shall Landlord or Tenant be liable to the other for any consequential or indirect damages (including lost profits), and in no case shall either party be liable to the other for special or punitive damages arising from this Lease (provided that this Subsection 28.2(z) shall not limit Tenant's liability for Base Rent or Additional Rent pursuant to this Lease).

28.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any other tenant in the Building or the Project, or of any other third party unless said third party was acting by, through or at the direction of Landlord.

28.4. Tenant acknowledges that security devices and services, if any, while intended to deter crime, may not in given instances prevent theft or other criminal acts. Landlord shall not be liable for injuries or losses arising from criminal acts of third parties, and Tenant assumes the risk that any security device or service may malfunction or otherwise be circumvented by a criminal. If Tenant desires protection against such criminal acts, then Tenant shall, at Tenant's sole cost and expense, obtain appropriate insurance coverage. Tenant's security programs and equipment for the Premises shall be coordinated with Landlord and subject to Landlord's reasonable approval.

28.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

28.6. The Indemnity from Tenant in this Article is intended to specifically cover actions brought by Tenant's own employees, with respect to acts or omissions during the term of this Lease. In that regard, with respect to Landlord, Tenant waives any immunity it may have under Washington's Industrial Insurance Act, RCW Title 51, to the extent necessary to provide Landlord with a full and complete Indemnity from claims made by Tenant and its employees, to the extent of

their negligence. If losses, liabilities, damages, liens, costs and expenses covered by Tenant's Indemnity arise from the sole negligence of Landlord Parties or by the concurrent negligence of both Landlord and Tenant, or their respective employees, agents, contractors, invitees and licensees, then Tenant shall Indemnify Landlord only to the extent of any Tenant Parties' negligence. LANDLORD AND TENANT ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS ARTICLE WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

29. Assignment or Subletting.

29.1. Except as hereinafter expressly permitted, none of the following (each, a "Transfer"), either voluntarily or by operation of Applicable Laws, shall be directly or indirectly performed without Landlord's prior written consent, (which shall not be unreasonably withheld, conditioned or delayed by Landlord): (a) Tenant selling, hypothecating, assigning, pledging, encumbering or otherwise transferring this Lease or subletting all or any portion of the Premises or (b) a controlling interest in Tenant being sold, assigned or otherwise transferred (other than as a result of shares in Tenant being sold on a public stock exchange). For purposes of the preceding sentence, "control" means (m) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person or (n) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person. Notwithstanding the foregoing, Tenant shall have the right to Transfer, without Landlord's prior written consent, Tenant's interest in this Lease or the Premises or any part thereof (i) to any person that as of the date of determination and at all times thereafter directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Tenant ("Tenant's Affiliate"), or (ii) to the surviving entity in the event of a merger, consolidation or restructuring of Tenant or to an entity that acquires all or substantially all of Tenant's assets used in connection with the business operating by Tenant at the Building (each of (i) and (ii), an "Exempt Transfer"); provided that Tenant shall notify Landlord in writing at least thirty (30) days prior to the effectiveness of such Transfer to Tenant's Affiliate and otherwise comply with the requirements set forth in the last sentence of this paragraph regarding such a Transfer; and provided, further, that (A) in connection with an assignment of this Lease to a Tenant's Affiliate pursuant to clause (i) of this sentence, if such Tenant's Affiliate has a net worth of less than One Hundred Seventy-Five Million and 00/100 Dollars (\$175,000,000.00), then the assigning Tenant will execute a guaranty of the Tenant's Affiliate's obligations under this Lease (on Landlord's customary lease guaranty form or another commercially reasonable lease guaranty form approved by Landlord), and (B) with respect to a Transfer pursuant to clause (ii) of this sentence, the person that will be the "Tenant" under this Lease after the Exempt Transfer has a net worth (as of both the day immediately prior to and the day immediately after the Exempt Transfer) of not less than One Hundred Seventy-Five Million and 00/100 Dollars (\$175,000,000.00). For purposes of the immediately preceding sentence, "control" requires both (f) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person and (g) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person. In no event shall Tenant perform a Transfer to or with an entity that is a tenant at the Project or that is in discussions or negotiations with Landlord or an affiliate of Landlord to lease premises at the Project or a property owned by Landlord or an affiliate of Landlord, unless such Transfer is an Exempt Transfer. Tenant and

any transferee pursuant to an Exempt Transfer shall be obligated to comply with, and shall be subject to, the terms and conditions set forth in Section 29.2, the last two sentence of Section 29.3, Section 29.4 (except to the extent that Section 29.4 expressly excludes an Exempt Transfer), Section 29.5, Section 29.6, Section 29.8 and Section 29.9, notwithstanding the fact that the Transfer constitutes an Exempt Transfer.

29.2. In the event Tenant desires to effect a Transfer, then, at least thirty (30) but not more than ninety (90) days prior to the date when Tenant desires the Transfer to be effective (the "Transfer Date"), Tenant shall provide written notice to Landlord (the "Transfer Notice") containing information (including references) concerning the character of the proposed transferee, assignee or sublessee; the Transfer Date; the most recent unconsolidated financial statements of Tenant and of the proposed transferee, assignee or sublessee satisfying the requirements of Section 40.2 ("Required Financials"); any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; copies of Hazardous Materials Documents for the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require.

29.3. Landlord, in determining whether consent should be given to a proposed Transfer, may give consideration to, among other things and without limitation the following factors which Tenant agrees shall all be factors on which Landlord may reasonably rely in determining whether or not to grant such consent: (a) the financial strength of Tenant and of such transferee, assignee or sublessee (notwithstanding Tenant remaining liable for Tenant's performance), and (b) any change in use that such transferee, assignee or sublessee proposes to make in the use of the Premises. Landlord will not withhold its consent to a proposed Transfer that constitutes a sublease of the Premises solely on the basis that Tenant proposed to sublease a portion of the Premises (rather than the entire Premises). In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer if (i) any applicable Loan Document prohibits such assignment, (ii) any Lender whose consent is required thereunder withholds its consent, or (iii) such transferee, assignee or sublessee is known generally to have a poor reputation, lacks financial qualifications, seeks a change in the Permitted Use, or jeopardizes, directly or indirectly, the status of Landlord or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986 (as the same may be amended from time to time, the "Revenue Code"). Notwithstanding anything contained in this Lease to the contrary, (w) no Transfer shall be consummated on any basis such that the rental or other amounts to be paid by the occupant, assignee, manager or other transferee thereunder would be based, in whole or in part, on the income or profits derived by the business activities of such occupant, assignee, manager or other transferee; (x) Tenant shall not furnish or render any services to an occupant, assignee, manager or other transferee with respect to whom transfer consideration is required to be paid, or manage or operate the Premises or any capital additions so transferred, with respect to which transfer consideration is being paid; (y) Tenant shall not consummate a Transfer with any person in which Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Revenue Code); and (z) Tenant shall not consummate a Transfer with any person or in any manner that could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease, license or other

arrangement for the right to use, occupy or possess any portion of the Premises to fail to qualify as “rents from real property” within the meaning of Section 856(d) of the Revenue Code, or any similar or successor provision thereto or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Revenue Code. Notwithstanding anything in this Lease to the contrary, if (1) any proposed transferee, assignee or sublessee of Tenant has been required by any prior landlord, lender or Governmental Authority to take material remedial action in connection with Hazardous Materials contaminating a property if the contamination resulted from such party’s action or omission or use of the property in question or (2) any proposed transferee, assignee or sublessee is subject to a material enforcement order issued by any Governmental Authority in connection with the use, disposal or storage of Hazardous Materials, then Landlord shall have the right to withhold, withdraw or terminate its consent to any proposed transfer, assignment or subletting in Landlord’s sole and absolute discretion.

29.4. The following are conditions precedent to a Transfer or to Landlord considering a request by Tenant to a Transfer:

(a) Tenant shall remain fully liable under this Lease. Tenant agrees that it shall not be (and shall not be deemed to be) a guarantor or surety of this Lease, however, and waives its right to claim that it is a guarantor or surety or to raise in any legal proceeding any guarantor or surety defenses permitted by this Lease or by Applicable Laws;

(b) If Tenant or the proposed transferee, assignee or sublessee does not or cannot deliver the Required Financials, then Landlord may elect to have either Tenant’s ultimate parent company or the proposed transferee’s, assignee’s or sublessee’s ultimate parent company provide a guaranty of the applicable entity’s obligations under this Lease, in a form acceptable to Landlord, which guaranty shall be executed and delivered to Landlord by the applicable guarantor prior to the Transfer Date;

(c) In the case of an Exempt Transfer, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the Transfer qualifies as an Exempt Transfer;

(d) Except in the event of an Exempt Transfer, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the value of Landlord’s interest under this Lease shall not be diminished or reduced by the proposed Transfer. Such evidence shall include evidence respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

(e) Tenant shall reimburse Landlord for Landlord’s actual costs and expenses, including reasonable attorneys’ fees, charges and disbursements incurred in connection with the review, processing and documentation of such request not to exceed Five Thousand Dollars (\$5,000);

(f) Except with respect to an Exempt Transfer, if Tenant’s transfer of rights or sharing of the Premises provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including a premium rental for a sublease or lump sum



payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay fifty percent (50%) of all of such excess to Landlord, after making deductions for any reasonable marketing expenses, tenant improvement funds expended by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent and other lease incentives actually paid by Tenant. If such consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

(g) The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in default under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;

(h) Except with respect to an Exempt Transfer, Landlord's consent to any such Transfer shall be effected on Landlord's forms;

(i) Tenant shall not then be in default hereunder in any respect;

(j) Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

(k) Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same (if Landlord has executed and delivered written consent to the same);

(l) Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;

(m) Landlord's consent (or waiver of its rights) for any Transfer (if Landlord has so consented or waived its rights) shall not waive Landlord's right to consent or refuse consent to any later Transfer;

(n) Tenant shall deliver to Landlord one executed copy of any and all written instruments evidencing or relating to the Transfer; and

(o) Tenant shall deliver to Landlord a list of Hazardous Materials (as defined below), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 21.2.

29.5. Any Transfer that is not in compliance with the provisions of this Article or with respect to which Tenant does not fulfill its obligations pursuant to this Article shall be void.

29.6. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

29.7. *Reserved.*

29.8. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee and attorney-in-fact for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

29.9. In the event that Tenant enters into a sublease for the entire Premises in accordance with this Article that expires within two (2) days of the Term Expiration Date, the term expiration date of such sublease shall, notwithstanding anything in this Lease, the sublease or any consent to the sublease to the contrary, be deemed to be the date that is two (2) days prior to the Term Expiration Date.

30. Subordination and Attornment.

30.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Building or the Project and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination.

30.2. Notwithstanding the foregoing, and although Section 30.1 is self-executing, Tenant shall, and covenants and agrees to, execute and deliver within fifteen (15) days after written demand from Landlord such further reasonable instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord. If any Lender so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. For the avoidance of doubt, "Lenders" shall also include historic tax credit investors and new market tax credit investors.

30.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if required by a Lender incident to the financing of the real property of which the Premises constitute a part.

30.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall at the election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.

30.5. Upon written request by Tenant, Landlord shall, in good faith, request Lender's form of subordination, non-disturbance and attornment agreement and shall provide it to Tenant upon receipt; provided that Landlord by so requesting makes no assurance regarding such agreement or the terms thereof, or the willingness of Lender to enter into and deliver same, and further that Landlord disclaims any liability or responsibility for the negotiation of any term or provision thereof, or for causing Lender to enter into or deliver same.

31. Defaults and Remedies.

31.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within three (3) days after the date such payment is due, Tenant shall pay to Landlord (a) an additional sum of five percent (5%) of the overdue Rent as a late charge plus (b) interest at an annual rate (the "Default Rate") equal to the lesser of (a) twelve percent (12%) and (b) the highest rate permitted by Applicable Laws. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant and shall be payable as Additional Rent to Landlord due with the next installment of Rent or within five (5) business days after Landlord's demand, whichever is earlier. Landlord's acceptance of any Additional Rent (including a late charge or any other amount hereunder) shall not be deemed an extension of the date that Rent is due or prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity.

31.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law. If a dispute shall arise as to any amount or sum of money to be paid by Tenant to Landlord hereunder, Tenant shall have the right to make payment "under protest," such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of Tenant to institute suit for recovery of the payment paid under protest.

31.3. If Tenant fails to pay any sum of money required to be paid by it hereunder or perform any other act on its part to be performed hereunder, in each case within the applicable cure period (if any) described in Section 31.4, then Landlord may (but shall not be obligated to), without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform such act; provided that such failure by Tenant unreasonably interfered with the use of the Building or the Project by any other tenant or with the efficient operation of the Building or the Project, or resulted or could have resulted in a violation of Applicable Laws or the cancellation of an insurance policy maintained by Landlord. Notwithstanding the foregoing, in the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this Lease. In addition to the late charge described in Section 31.1, Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest at the Default Rate, computed from the date such sums were paid or incurred.

31.4. The occurrence of any one or more of the following events shall constitute a “Default” hereunder by Tenant:

(a) Tenant abandons or vacates the Premises or surrenders the Premises prior to stated expiration or earlier termination of the Term without Landlord’s prior written consent, with the intent to cease all operations at the Premises;

(b) Tenant fails to make any payment of Rent, as and when due, or to satisfy its obligations under Article 19, where such failure shall continue for a period of (i) three (3) days after written notice thereof from Landlord to Tenant solely with respect to Tenant’s failure to timely pay the Fifth Floor Tenant Contribution or any monthly installments Rent and (ii) five (5) business days after written notice thereof from Landlord to Tenant solely with respect to Tenant’s failure to timely pay any and all other sums (other than monthly installments of Rent) which Tenant is obligated to pay to Landlord under this Lease;

(c) Tenant fails to observe or perform any obligation or covenant contained herein (other than described in Sections 31.4(a) and 31.4(b)) to be performed by Tenant, where such failure continues for a period of ten (10) days after written notice thereof from Landlord to Tenant; provided that, if the nature of Tenant’s default is such that it reasonably requires more than ten (10) days to cure, Tenant shall not be deemed to be in Default if Tenant commences such cure within such ten (10) day period and thereafter diligently prosecutes the same to completion; and provided, further, that such cure is completed no later than ninety (90) days after Tenant’s receipt of written notice from Landlord;

(d) Tenant makes an assignment for the benefit of creditors;

(e) A receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant’s assets;

(f) Tenant files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the “Bankruptcy Code”) or an order for relief is entered against Tenant pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

(g) Any involuntary petition is filed against Tenant under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

(h) Tenant fails to deliver an estoppel certificate in accordance with Article 20 within the period required for performance, and fails to cure that breach within five (5) business days after notice from Landlord; or

(i) Tenant's interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action.

Notices given under this Section shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice. The foregoing notice and cure provisions shall be inclusive of and not in addition to the notices and cure periods provided for in RCW 59.12, as now or hereafter amended, or any legislation in lieu or substitution thereof.

31.5. In the event of a Default by Tenant, and at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have, Landlord has the right to do any or all of the following:

(a) Halt any Tenant Improvements and Alterations and order Tenant's contractors, subcontractors, consultants, designers and material suppliers to stop work;

(b) Terminate Tenant's right to possession of the Premises by written notice to Tenant or by any lawful means, in which case Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby; and

(c) Terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby. In the event that Landlord shall elect to so terminate this Lease, then Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including:

(i) The sum of:

A. The worth at the time of award of any unpaid Rent that had accrued at the time of such termination; plus

B. The worth at the time of award of the amount by which the unpaid Rent that would have accrued during the period commencing with termination of the Lease and ending at the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus

C. The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus

D. Any other amount necessary to compensate Landlord for all the detriment arising from Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including the cost of restoring the Premises to the condition required under the terms of this Lease, including any rent payments not otherwise chargeable to Tenant (e.g., during any "free" rent period or rent holiday); plus

E. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws; or

(ii) At Landlord's election, as minimum liquidated damages in addition to any (A) amounts paid or payable to Landlord pursuant to Section 31.5(c)(i)(A) prior to such election and (B) costs of restoring the Premises to the condition required under the terms of this Lease, an amount (the "Election Amount") equal to either (Y) the positive difference (if any, and measured at the time of such termination) between (1) the then-present value of the total Rent and other benefits that would have accrued to Landlord under this Lease for the remainder of the Term if Tenant had fully complied with the Lease minus (2) the then-present cash rental value of the Premises as determined by Landlord for what would be the then-unexpired Term if the Lease remained in effect, computed using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (I) percentage point (the "Discount Rate") or (Z) twelve (12) months (or such lesser number of months as may then be remaining in the Term) of Base Rent and Additional Rent at the rate last payable by Tenant pursuant to this Lease, in either case as Landlord specifies in such election. Landlord and Tenant agree that the Election Amount represents a reasonable forecast of the minimum damages expected to occur in the event of a breach, taking into account the uncertainty, time and cost of determining elements relevant to actual damages, such as fair market rent, time and costs that may be required to re-lease the Premises, and other factors; and that the Election Amount is not a penalty.

As used in Sections 31.5(c)(i)(A) and (B), "worth at the time of award" shall be computed by allowing interest at the Default Rate (as defined in Section 31.1 above). As used in Section 31.5(c)(i)(C), the "worth at the time of the award" shall be computed by taking the present value of such amount, using the Discount Rate.

31.6. In addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord may continue this Lease in effect after Tenant's Default or abandonment and recover Rent as it becomes due. In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises:

(a) Acts of maintenance or preservation or efforts to relet the Premises, including alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or

(b) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

31.7. If Landlord does not elect to terminate this Lease as provided in Section 31.5, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

31.8. In the event Landlord elects to terminate this Lease and relet the Premises, Landlord may execute any new lease in its own name. Tenant hereunder shall have no right or authority whatsoever to collect any Rent from such tenant. The proceeds of any such reletting shall be applied as follows:

(a) First, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord, including storage charges or brokerage commissions owing from Tenant to Landlord as the result of such reletting;

(b) Second, to the payment of the costs and expenses of reletting the Premises, including (i) alterations and repairs that Landlord deems reasonably necessary and advisable and (ii) reasonable attorneys' fees, charges and disbursements incurred by Landlord in connection with the retaking of the Premises and such reletting;

(c) Third, to the payment of Rent and other charges due and unpaid hereunder; and

(d) Fourth, to the payment of future Rent and other damages payable by Tenant under this Lease.

31.9. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Landlord shall have the right to pursue any one or all of

such remedies, or any other remedy or relief that may be provided by Applicable Laws, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any Rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in such waiver. Notwithstanding, any provision of this Lease to the contrary, in no event shall Landlord be required to mitigate its damages with respect to any default by Tenant, except as required by Applicable Laws. Any such obligation imposed by Applicable Laws upon Landlord to relet the Premises after any termination of this Lease shall be subject to the reasonable requirements of Landlord to (a) lease to high quality tenants on such terms as Landlord may from time to time deem appropriate in its discretion and (b) develop the Project in a harmonious manner with a mix of uses, tenants, floor areas, terms of tenancies, etc., as determined by Landlord. Landlord shall not be obligated to relet the Premises to (y) any Tenant's Affiliate or (z) any party (i) unacceptable to a Lender, (ii) that requires Landlord to make improvements to or re-demise the Premises, (iii) that desires to change the Permitted Use, (iv) that desires to lease the Premises for more or less than the remaining Term or (v) to whom Landlord or an affiliate of Landlord may desire to lease other available space in the Project or at another property owned by Landlord or an affiliate of Landlord.

31.10. Landlord's termination of (a) this Lease or (b) Tenant's right to possession of the Premises shall not relieve Tenant of any liability to Landlord that has previously accrued or that shall arise based upon events that occurred prior to the later to occur of (y) the date of Lease termination and (z) the date Tenant surrenders possession of the Premises.

31.11. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

31.12. Landlord shall not be in default or liable for damages under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event shall such failure continue for more than thirty (30) days after written notice from Tenant specifying the nature of Landlord's failure; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant have the right to terminate or cancel this Lease or to withhold or abate rent or to set off any Claims against Rent as a result of any default or breach by Landlord of any of its covenants, obligations, representations, warranties or promises hereunder, except as may otherwise be expressly set forth in this Lease.

31.13. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises, the Building or the Project and to any landlord of any lease of land upon or within which the Premises, the Building or the Project is located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to



obtain possession of the Building or the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

32. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion:

32.1. Those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of "adequate assurance," even if this Lease does not concern a shopping center or other facility described in such Applicable Laws;

32.2. A prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease;

32.3. A cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or

32.4. The assumption or assignment of all of Tenant's interest and obligations under this Lease.

33. Brokers.

33.1. Tenant represents and warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease other than Hans Kemp and Robert M. Mooney of Flinn Ferguson ("Broker"), and that it knows of no other real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord shall compensate Broker in relation to this Lease pursuant to a separate agreement between Landlord and Broker.

33.2. Tenant represents and warrants that no broker or agent has made any representation or warranty relied upon by Tenant in Tenant's decision to enter into this Lease, other than as contained in this Lease.

33.3. Tenant acknowledges and agrees that the employment of brokers by Landlord is for the purpose of solicitation of offers of leases from prospective tenants and that no authority is granted to any broker to furnish any representation (written or oral) or warranty from Landlord unless expressly contained within this Lease. Landlord is executing this Lease in reliance upon Tenant's representations, warranties and agreements contained within Sections 33.1 and 33.2.

33.4. Tenant agrees to Indemnify the Landlord Indemnitees from any and all cost or liability for compensation claimed by any broker or agent, other than Broker, employed or engaged by Tenant or claiming to have been employed or engaged by Tenant.

34. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term “Landlord.” as used in this Lease, shall refer only to Landlord or Landlord’s then-current successor-in-interest. In the event of any transfer, assignment or conveyance of Landlord’s interest in this Lease or in Landlord’s fee title to or leasehold interest in the Property, as applicable, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall (i) transfer to such transferee or credit against the applicable purchase price any Security Deposit and Restoration Deposit then held by Landlord and (ii) be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease thereafter to be performed by Landlord and, without further agreement, the transferee, assignee or conveyee of Landlord’s interest in this Lease or in Landlord’s fee title to or leasehold interest in the Property, as applicable, shall be deemed to have assumed and agreed to observe and perform any and all covenants and obligations of Landlord hereunder during the tenure of its interest in the Lease or the Property. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant’s consent. Tenant shall be entitled to pay Rent to Landlord’s Address for rent payments until such time as Landlord delivers written notice of transfer with a new rent payment address to Tenant pursuant to the delivery requirement of the Lease Notice clause.

35. Limitation of Landlord’s Liability.

35.1. If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Building and the Project, (b) rent or other income from such real property receivable by Landlord or (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord’s right, title or interest in the Building or the Project.

35.2. Neither Landlord nor any of its affiliates, nor any of their respective partners, shareholders, directors, officers, employees, members or agents shall be personally liable for Landlord’s obligations or any deficiency under this Lease, and service of process shall not be made against any shareholder, director, officer, employee or agent of Landlord or any of Landlord’s affiliates. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be sued or named as a party in any suit or action, and service of process shall not be made against any partner or member of Landlord except as may be necessary to secure jurisdiction of the partnership, joint venture or limited liability company, as applicable. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates.

35.3. Notwithstanding anything to the contrary contained in this Lease, in no event shall Landlord be liable for any consequential damages, opportunity costs or lost profits incurred or suffered by Tenant as a result of a default or breach by Landlord under this Lease.

35.3. Each of the covenants and agreements of this Article shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

36. Intentionally Omitted.

37. Representations. Tenant guarantees, warrants and represents that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Property is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so and (e) neither (i) the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which Tenant is constituted or to which Tenant is a party. In addition, Tenant guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

Landlord guarantees, warrants and represents that (a) Landlord is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Landlord has and is duly qualified to do business in the state in which the Property is located, (c) Landlord has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Landlord's obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Landlord is duly and validly authorized to do so and (e) neither (i) the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which Landlord is constituted or to which Landlord is a party. In addition, Landlord guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

38. **Confidentiality.** Tenant shall keep the terms and conditions of this Lease and any information provided to Tenant or its employees, agents or contractors pursuant to Article 9 confidential and shall not (a) disclose to any third party any terms or conditions of this Lease or any other Lease-related document (including subleases, assignments, work letters, construction contracts, letters of credit, subordination agreements, non-disturbance agreements, brokerage agreements or estoppels) or the contents of any documents, reports, surveys or evaluations related to the Project or any portion thereof or (b) provide to any third party an original or copy of this Lease (or any Lease-related document or other document referenced in Subsection 38(a)). Landlord shall not release to any third party any non-public financial information or non-public information about Tenant's ownership structure that Tenant gives Landlord. Notwithstanding the foregoing, confidential information under this Section may be released by Landlord or Tenant under the following circumstances: (x) if required by Applicable Laws, including without limitation SEC filings or similar, or in any judicial proceeding; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (y) to a party's attorneys, accountants, brokers, lenders, potential lenders, investors, potential investors and other bona fide consultants or advisers (with respect to this Lease only); provided such third parties agree to be bound by this Section or (z) to bona fide prospective assignees or subtenants of this Lease; provided they agree in writing to be bound by this Section.

39. **Notices** . Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) email transmission, so long as such email transmission is followed within one (1) business day by delivery utilizing one of the methods described in Subsection 39(a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with Subsection 39(a); (y) one (1) business day after deposit with a reputable international overnight delivery service provided deposit occurs prior to said company's cut-off time for delivery of said notice on the day in which it is deposited, if given in accordance with Subsection 39(b); or (z) upon transmission, if given in accordance with Subsection 39(c). Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Lease shall be addressed to Landlord or Tenant at the addresses shown in Sections 2.9 and 2.10 or 2.11, respectively. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes. Notwithstanding anything to the contrary contained in this Section 39, Landlord and Tenant acknowledge and agree that any notice of default by either party to the other party shall not be delivered or transmitted by email transmission and any email transmittal of any such notice of default shall be null and void and of no force or effect.

40. Miscellaneous.

40.1. Landlord reserves the right to change the name of the Building or the Project in its sole discretion.

40.2. To induce Landlord to enter into this Lease, Tenant agrees that it shall furnish to Landlord, from time to time, within thirty (30) days after receipt of Landlord's written notice requesting, the most recent year-end unconsolidated financial statements reflecting Tenant's current financial condition either audited by a nationally recognized accounting firm or certified by the CFO, or equivalent, of the company. Tenant shall, within ninety (90) days after the end of Tenant's financial year, furnish Landlord with a certified copy of Tenant's year-end unconsolidated financial statements for the previous year audited by a nationally recognized accounting firm or certified by the CFO, or equivalent, of the company. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects. If audited financials are not otherwise prepared, unaudited financials complying with generally accepted accounting principles and certified by the chief financial officer of Tenant as true, correct and complete in all respects shall suffice for purposes of this Section. If Tenant fails to deliver to Landlord any financial statement within the time period required under this Section, then Tenant shall be required to pay to Landlord an administrative fee equal to One Thousand Dollars (\$1,000) within five (5) business days after receiving written notice from Landlord advising Tenant of such failure (provided, however, that Landlord's acceptance of such fee shall not prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity). Notwithstanding the foregoing, Tenant shall not be required to pay said late fee for the first instance in which financials are delivered late, provided Tenant delivers them within five (5) business days after notice from Landlord. The provisions of this Section shall not apply at any time while Tenant is a corporation whose shares are traded on any nationally recognized stock exchange or during any period prior thereto in which SEC regulations, or similar laws, prevent Tenant from complying with the requirements of this section.

40.3. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

40.4. The terms of this Lease are intended by the parties as a final, complete and exclusive expression of their agreement with respect to the terms that are included herein, and may not be contradicted or supplemented by evidence of any other prior or contemporaneous agreement.

40.5. Neither party shall record this Lease. Landlord shall cooperate with Tenant to complete and record a Memorandum of this Lease, in customary form, if requested by Tenant in conjunction with the recording of an SNDA or similar instrument between Tenant and Landlord's lender or ground lessor, on the condition that Tenant shall simultaneously execute and deliver to Landlord a notarized counterpart to an instrument reasonably acceptable to Landlord terminating such Memorandum of this Lease, which Landlord shall hold and may record upon any expiration or earlier termination of this Lease.

40.6. Where applicable in this Lease, the singular includes the plural and the masculine or neuter includes the masculine, feminine and neuter. The words "include," "includes," "included" and "including" mean "include," etc., without limitation." The word "shall" is mandatory and the word "may" is permissive. The word "business day" means a calendar day other than any national or local holiday on which federal government agencies in King County, Washington are closed for business, or any weekend. The section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease. Landlord and Tenant have each participated in the drafting and negotiation of this Lease, and the language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

40.7. Except as otherwise expressly set forth in this Lease, each party shall pay its own costs and expenses incurred in connection with this Lease and such party's performance under this Lease; provided that, if either party commences an action, proceeding, demand, claim, action, cause of action or suit against the other party arising from or in connection with this Lease, then the substantially prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred by the substantially prevailing party in such action, proceeding, demand, claim, action, cause of action or suit, and in any appeal in connection therewith (regardless of whether the applicable action, proceeding, demand, claim, action, cause of action, suit or appeal is voluntarily withdrawn or dismissed). In addition, if Tenant is in breach or default of this Lease, Landlord shall, upon demand, be entitled to all reasonable attorneys' fees and all other reasonable costs incurred in the preparation and service of any notice or demand hereunder, regardless of whether a legal action is subsequently commenced, or incurred in connection with any contested matter or other proceeding in bankruptcy court concerning this Lease.

40.8. Time is of the essence with respect to the performance of every provision of this Lease.

40.9. *Reserved.*

40.10. Notwithstanding anything to the contrary contained in this Lease, Tenant's obligations under this Lease are independent and shall not be conditioned upon performance by Landlord.

40.11. Whenever consent or approval of either party is required, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth to the contrary.

40.12. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

40.13. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs;

legatees; devisees; executors; administrators; and permitted successors and assigns. This Lease is for the sole benefit of the parties and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns, and nothing in this Lease shall give or be construed to give any other person or entity any legal or equitable rights. Nothing in this Section shall in any way alter the provisions of this Lease restricting assignment or subletting.

40.14. This Lease shall be governed by, construed and enforced in accordance with the laws of the state in which the Premises are located, without regard to such state's conflict of law principles.

40.15. Tenant guarantees, warrants and represents that the individual or individuals signing this Lease have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

40.16. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

40.17. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant.

40.18. No waiver of any term, covenant or condition of this Lease shall be binding upon Landlord unless executed in writing by Landlord. The waiver by Landlord of any breach or default of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of any preceding or subsequent breach or default of such term, covenant or condition or any other term, covenant or condition of this Lease.

40.19. To the extent permitted by Applicable Laws, the parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising from or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

#### 41. Rooftop Installation Area

41.1. Tenant may use those portions of the Building identified as a "Rooftop Installation Area" on Exhibit A attached hereto (the "Rooftop Installation Area") solely to operate, maintain, repair and replace two (2) rooftop antennas (and mechanical equipment related thereto) installed by Tenant in the Rooftop Installation Area in accordance with this Article ("Tenant's Rooftop Equipment"). Tenant's Rooftop Equipment shall be only for Tenant's use of the Premises for the Permitted Use.

41.2. Tenant shall install Tenant's Rooftop Equipment at its sole cost and expense, at such times and in such manner as Landlord may reasonably designate, and in accordance with this Article and the applicable provisions of this Lease regarding Alterations. Tenant's Rooftop Equipment and the installation thereof shall be subject to Landlord's prior written approval,

which approval shall not be unreasonably withheld. Among other reasons, Landlord may withhold approval if the installation or operation of Tenant's Rooftop Equipment could reasonably be expected to damage the structural integrity of the Building or to transmit vibrations or noise or cause other adverse effects beyond the Premises to an extent not customary in first class laboratory buildings, unless Tenant implements measures that are acceptable to Landlord in its reasonable discretion to avoid any such damage or transmission.

41.3. Tenant shall comply with any roof or roof-related warranties. Tenant shall obtain a letter from Landlord's roofing contractor within thirty (30) days after completion of any Tenant work on the rooftop stating that such work did not affect any such warranties. Tenant, at its sole cost and expense, shall inspect the Rooftop Installation Area at least annually, and correct any loose bolts, fittings or other appurtenances and repair any damage to the roof arising from the installation or operation of Tenant's Rooftop Equipment. Tenant shall not permit the installation, maintenance or operation of Tenant's Rooftop Equipment to violate any Applicable Laws or constitute a nuisance. Tenant shall pay Landlord within thirty (30) days after demand (a) all applicable taxes, charges, fees or impositions imposed on Landlord by Governmental Authorities as the result of Tenant's use of the Rooftop Installation Areas in excess of those for which Landlord would otherwise be responsible for the use or installation of Tenant's Rooftop Equipment and (b) the amount of any increase in Landlord's insurance premiums as a result of the installation of Tenant's Rooftop Equipment. Upon Tenant's written request to Landlord, Landlord shall use commercially reasonable efforts to cause other tenants to remedy any interference in the operation of Tenant's Rooftop Equipment arising from any such tenants' equipment installed after the applicable piece of Tenant's Rooftop Equipment; provided, however, that Landlord shall not be required to request that such tenants waive their rights under their respective leases.

41.4. If Tenant's Equipment (a) causes physical damage to the structural integrity of the Building, (b) interferes with any telecommunications, mechanical or other systems located at or near or servicing the Building or the Project that were installed prior to the installation of Tenant's Rooftop Equipment, (c) interferes with any other service provided to other tenants in the Building or the Project by rooftop or penthouse installations that were installed prior to the installation of Tenant's Rooftop Equipment or (d) interferes with any other tenants' business, in each case in excess of that permissible under Federal Communications Commission regulations, then Tenant shall cooperate with Landlord to determine the source of the damage or interference and promptly repair such damage and eliminate such interference, in each case at Tenant's sole cost and expense, within ten (10) days after receipt of notice of such damage or interference (which notice may be oral; provided that Landlord also delivers to Tenant written notice of such damage or interference within twenty-four (24) hours after providing oral notice).

41.5. Landlord reserves the right to cause Tenant to relocate Tenant's Rooftop Equipment to comparably functional space on the roof or in the Building by giving Tenant prior written notice thereof. Landlord agrees to pay the reasonable costs thereof. Tenant shall arrange for the relocation of Tenant's Rooftop Equipment within sixty (60) days after receipt of Landlord's notification of such relocation. In the event Tenant fails to arrange for relocation within such sixty (60)-day period, Landlord shall have the right to arrange for the relocation of Tenant's Rooftop Equipment in a manner that does not unnecessarily interrupt or interfere with Tenant's use of the Premises for the Permitted Use.



Tenant's Rooftop Equipment in a manner that does not unnecessarily interrupt or interfere with Tenant's use of the Premises for the Permitted Use.

42. Options to Extend Term. Tenant shall have two (2) options (each, an "Option") to extend the Term by five (5) years each as to the entire Premises (and no less than the entire Premises) upon the following terms and conditions. Any extension of the Term pursuant to an Option shall be on all the same terms and conditions as this Lease, except as follows:

42.1. Base Rent at the commencement of each Option term shall equal ninety-five percent (95%) of the then-current fair market value for comparable office and laboratory space in the Seattle Central Business District and South Lake Union submarket of comparable age, quality, level of finish and proximity to amenities and public transit, and containing the systems and improvements present in the Premises as of the date that Tenant gives Landlord written notice of Tenant's election to exercise such Option ("FMV"), and in each case shall be further increased on each annual anniversary of the Option term commencement date by three percent (3%). Tenant may, no more than fifteen (15) months prior to the date the Term is then scheduled to expire, request Landlord's estimate of the FMV for the next Option term. Landlord shall, within thirty (30) days after receipt of such request, give Tenant a written proposal of such FMV. If Tenant gives written notice to exercise an Option, such notice shall specify whether Tenant accepts Landlord's proposed estimate of FMV. If Tenant does not accept the FMV, then the parties shall endeavor to agree upon the FMV, taking into account all relevant factors, including (a) the size of the Premises, (b) the length of the Option term, (c) rent in comparable buildings in the relevant market, including concessions offered to new tenants, such as free rent, tenant improvement allowances and moving allowances, (d) Tenant's creditworthiness and (e) the quality and location of the Building and the Project. In the event that the parties are unable to agree upon the FMV within thirty (30) days after Tenant notifies Landlord that Tenant is exercising an Option, then either party may request that the same be determined as follows: a senior officer of a nationally recognized leasing brokerage firm with local knowledge of the Seattle Central Business District and South Lake Union laboratory/research and development leasing market (the "Baseball Arbitrator") shall be selected and paid for jointly by Landlord and Tenant. If Landlord and Tenant are unable to agree upon the Baseball Arbitrator, then the same shall be designated by the local chapter of the Judicial Arbitration and Mediation Services or any successor organization thereto (the "JAMS"). The Baseball Arbitrator selected by the parties or designated by JAMS shall (y) have at least ten (10) years' experience in the leasing of laboratory/research and development space in the Seattle Central Business District and South Lake Union submarket and (z) not have been employed or retained by either Landlord or Tenant or any affiliate of either for a period of at least ten (10) years prior to appointment pursuant hereto. On a day determined by the Baseball Arbitrator each of Landlord and Tenant shall submit to the Baseball Arbitrator and to the other party its determination of the FMV, along with not more than ten (10) pages of supporting documentation and/or other evidence or explanation. After reviewing the written materials the Baseball Arbitrator shall grant to Landlord and Tenant a hearing and the right to submit additional evidence. The Baseball Arbitrator shall determine which of the two (2) FMV determinations more closely represents the actual FMV. The arbitrator may not select any other FMV for the Premises other than one submitted by Landlord or Tenant. The FMV selected by the Baseball Arbitrator shall be binding upon Landlord and

Tenant and shall serve as the basis for determination of Base Rent payable for the applicable Option term. If, as of the commencement date of an Option term, the amount of Base Rent payable during the Option term shall not have been determined, then, pending such determination, Tenant shall pay Base Rent equal to the Base Rent payable with respect to the last year of the then-current Term. After the final determination of Base Rent payable for the Option term, the parties shall promptly execute a written amendment to this Lease specifying the amount of Base Rent to be paid during the applicable Option term. Any failure of the parties to execute such amendment shall not affect the validity of the FMV determined pursuant to this Section.

42.2. The Option is not assignable separate and apart from this Lease.

42.3. An Option is conditional upon Tenant giving Landlord written notice of its election to exercise such Option at least nine (9) months prior to the end of the expiration of the then-current Term. Time shall be of the essence as to Tenant's exercise of an Option. Tenant assumes full responsibility for maintaining a record of the deadlines to exercise an Option. Tenant acknowledges that it would be inequitable to require Landlord to accept any exercise of an Option after the date provided for in this Section.

42.4. Notwithstanding anything contained in this Article to the contrary, Tenant shall not have the right to exercise an Option:

(a) During the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of this Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; or

(b) At any time after any Default as described in Article 31 of the Lease (provided, however, that, for purposes of this Section 42.4(b), Landlord shall not be required to provide Tenant with notice of such Default) and continuing until Tenant cures any such Default, if such Default is susceptible to being cured; or

(c) In the event that Tenant has defaulted in the performance of its obligations under this Lease two (2) or more times during the twelve (12)-month period immediately prior to the date that Tenant intends to exercise an Option, whether or not Tenant has cured such defaults.

42.5. The period of time within which Tenant may exercise an Option shall not be extended or enlarged by reason of Tenant's inability to exercise such Option because of the provisions of Section 42.4.

42.6. All of Tenant's rights under the provisions of an Option shall terminate and be of no further force or effect even after Tenant's due and timely exercise of such Option if, after such exercise, but prior to the commencement date of the new term, (a) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of twenty (20) days after written notice from Landlord to Tenant, (b) Tenant fails to commence to cure a default (other than a monetary default) within thirty (30) days after the date Landlord gives notice to Tenant of such default or (c) Tenant has defaulted under this Lease two (2) or more times and a service or late charge under Section 31.1 has become payable for any such default, whether or not Tenant has cured such defaults.



IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD:

BMR-500 FAIRVIEW AVENUE LLC,  
a Delaware limited liability company

By: /s/ Kevin Simonsen  
Name: Kevin Simonsen  
Title: Senior Vice President, Senior Counsel & Secretary

TENANT:

LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Signature Page

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD:

BMR-500 FAIRVIEW AVENUE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Kevin Simonsen  
Title: Senior Vice President, Senior Counsel & Secretary

TENANT:

LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation

By: /s/ Akira Matsuno \_\_\_\_\_  
Name: Akira Matsuno  
Title: CFO: Head of Corporate Development

Signature Page

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California    }  
                                  }  
County of San Diego   }

On November 21, 2018, before me, Serina E. Roth, Notary Public, personally appeared \*Kevin M. Simonsen\*\*, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

/s/ Serina E. Roth  
Signature of Notary Public

(Notary Seal)



TENANT ACKNOWLEDGMENTS

STATE OF Washington )  
 ) ss.  
COUNTY OF King )

On this 26<sup>th</sup> day of November, 2018, before me personally appeared Akira Matsuno, to me known to be the CFO & Head of Corp. Development of LYELL IMMUNOPHARMA, INC., a Delaware corporation, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned,.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

/s/ Serina E. Roth  
(Signature of officer)  
Notary Public in and for the State of  
Washington, residing at 601 Union St. #4900  
My commission expires: 12-04-19

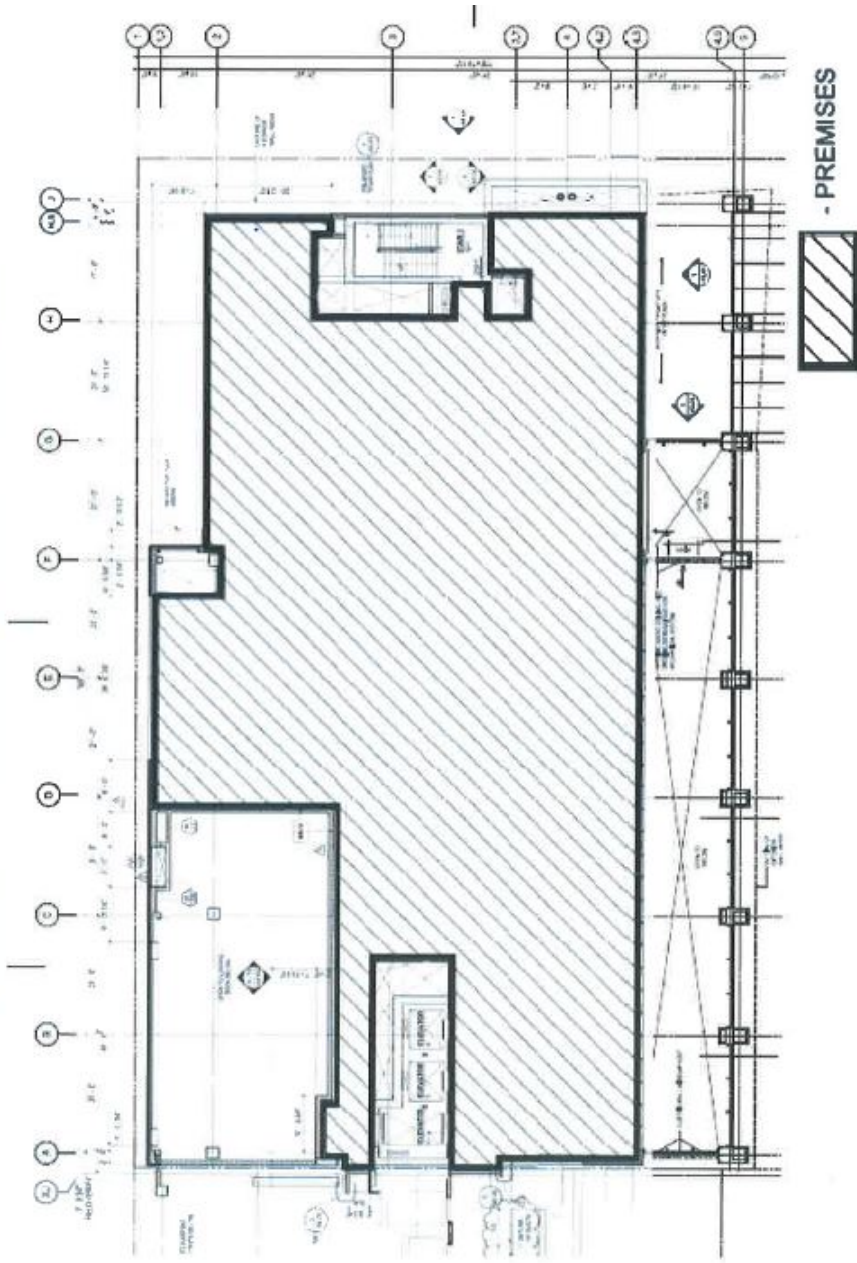


(Use this space for notarial stamp/seal)

EXHIBIT A

PREMISES, ROOFTOP AREA AND SHAFT ALLOCATION

EXHIBIT A - SECOND FLOOR PREMISES





# EXHIBIT A - FIFTH FLOOR PREMISES

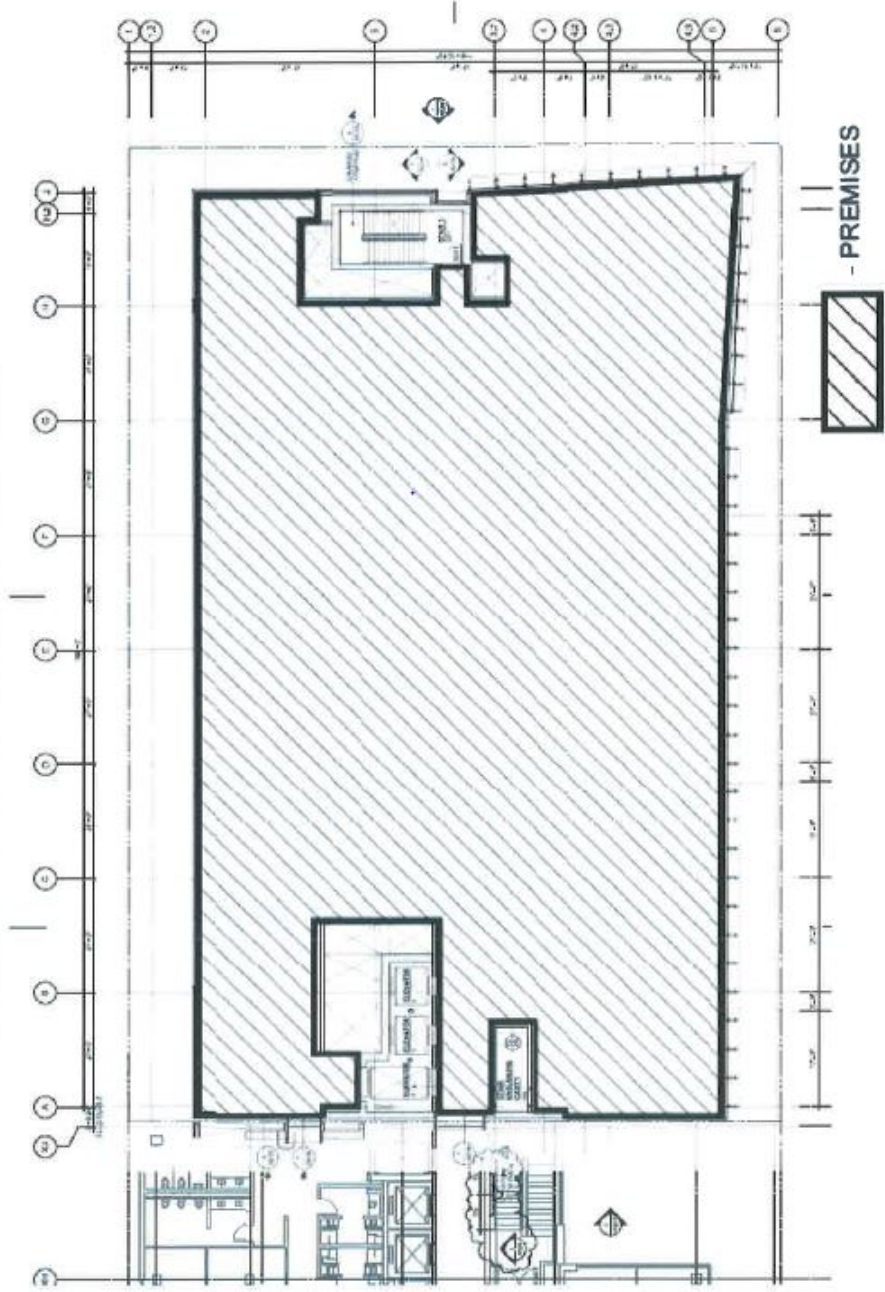


EXHIBIT A - ROOF INSTALLATION AREAS

500 Fairview  
 Tenant Allocation Roof Space Schedule  
 12/7/2015



**ROOF SPACE ALLOCATION SCHEDULE**

SPACE ID	TENANT	ALLOCATION	SERVICE	SIZE WIDTH	SIZE LENGTH	NOTES
<b>INDUSTRIAL HOT WATER</b>						
A1	-	TI LEVEL 1-7	DHW HEATER	-	-	2
<b>SPECIALTY EXHAUST FANS</b>						
B1	CORE & SHELL	CS	GLASSWASH FAN			
B2	LYELL	TI LEVEL 2	EXHAUST FAN	72	64	
B3	NANOSTRING	TI LEVEL 3	FUME EXHAUST FAN	72	64	
B4	NOVO NORDESK	TI LEVEL 4	FUME EXHAUST FAN	60	132	1
B5	LYELL	TI LEVEL 5	EXHAUST FAN	72	64	
B6	SILVERBACK	TI LEVEL 6	EXHAUST FAN	72	64	
B7	NANOSTRING	TI LEVEL 7	EXHAUST FAN	72	64	1
<b>VRF CONDENSING UNITS</b>						
C1	CORE & SHELL	CS	CONDENSING UNIT	60	156	
C2	LYELL	TI LEVEL 2	CONDENSING UNIT	60	132	
C3	NANOSTRING	TI LEVEL 3	CONDENSING UNIT	60	132	
C4	NOVO NORDESK	TI LEVEL 4	CONDENSING UNIT	60	132	
C5	NOVO NORDESK	TI LEVEL 4	CONDENSING UNIT	60	132	
C6	LYELL	TI LEVEL 5	CONDENSING UNIT	60	132	
C7	SILVERBACK	TI LEVEL 6	CONDENSING UNIT	60	132	
C8	NANOSTRING	TI LEVEL 7	CONDENSING UNIT	60	132	1
C9	FUTURE	TBD	CONDENSING UNIT	60	132	
<b>RETAIL EXHAUST FAN</b>						
D1	RETAIL	TI LEVEL 1	EXHAUST FAN	60	36	
<b>SPECIALTY EXHAUST FANS</b>						
E1	NOVO NORDESK	TI LEVEL 4	HELIUM PURGE DUCT	48	48	
E2	NOVO NORDESK	TI LEVEL 1	GLASSWASH EXHAUST FAN	48	48	
E3	NOVO NORDESK	TI LEVEL 2	FUME EXHAUST FAN	60	156	1

NOTES:  
 1: DUCT OR PIPING UP FROM FLOOR DIRECTLY BELOW  
 2: TENANT ALLOCATION SPACE FOR INDUSTRIAL WATER HEATER FOR FUTURE TENANT NEGOTIATED AS NEED AS PART OF TENANT LEASE.

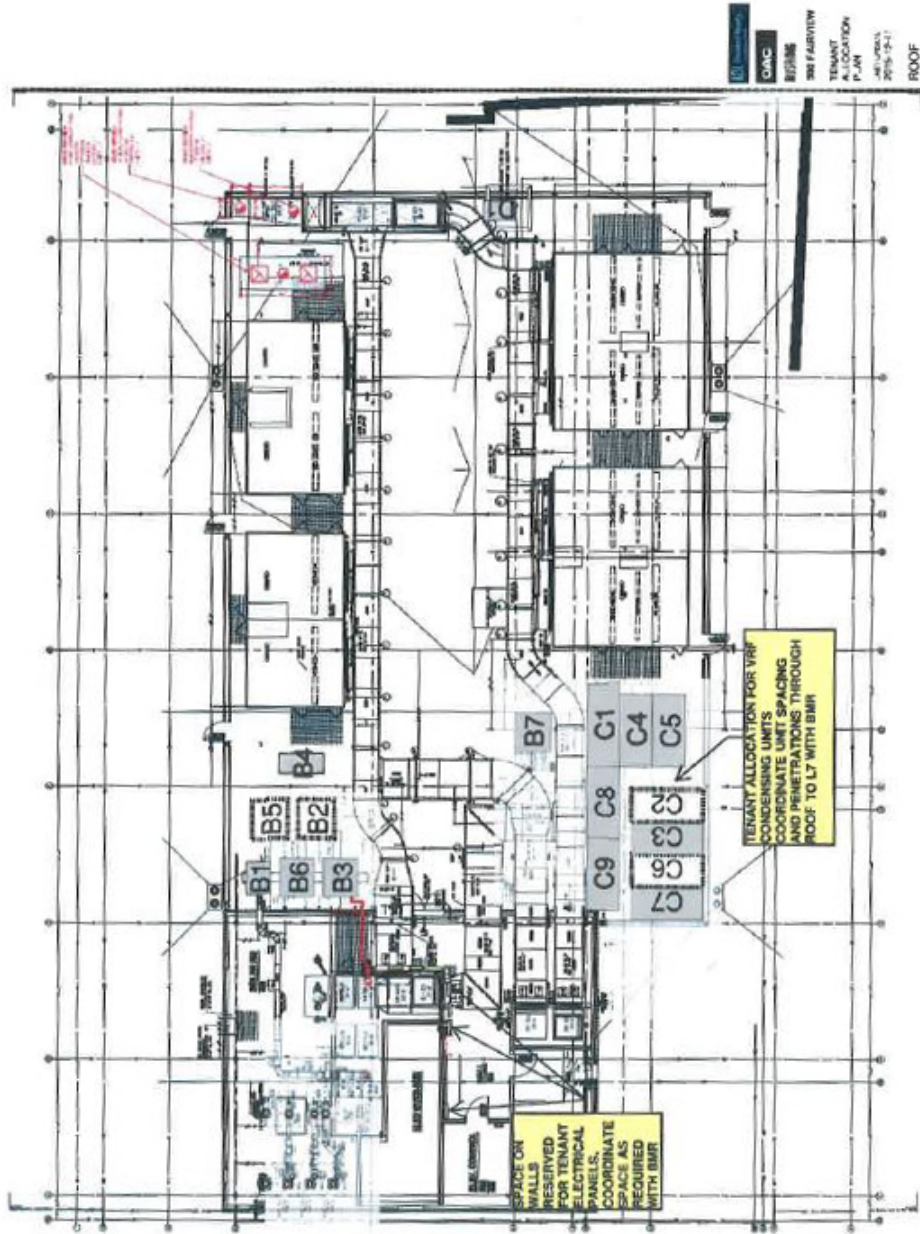


EXHIBIT A - SHAFT ALLOCATION

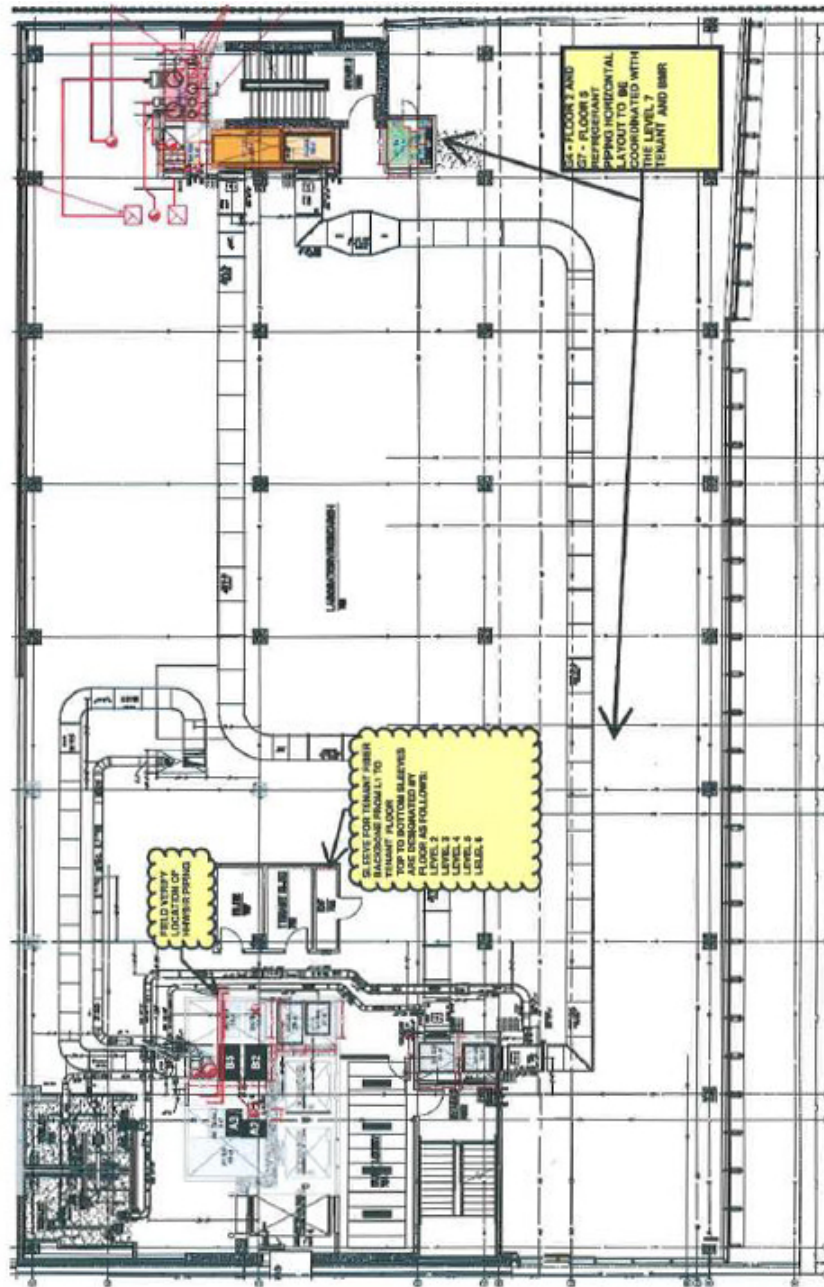
500 Fairview  
 Tenant Allocation Shaft Schedule  
 12/7/2015



SHAFT ALLOCATION SCHEDULE

SHAFT ID	TENANT	ALLOCATION	SERVICE	SIZE WIDTH	SIZE LENGTH	NOTES
<b>NORTHEAST SHAFT</b>						
A1	CORE & SHELL	CS	PIPING	-	-	1
A2	-	TI LEVEL B-L2	PIPING	-	-	2
A3	-	TI LEVEL L3-L5	PIPING	-	-	2
A4	-	TI LEVEL L6-L7	PIPING	-	-	2
A5	CORE & SHELL	CS	DUCTWORK	18	18	GLASSWASH
B2	LYELL	TI LEVEL 2	DUCTWORK	60	36	
B3	NANOSTRING	TI LEVEL 3	DUCTWORK	60	36	
B4	NOVO NORDISK	TI LEVEL 4	DUCTWORK	60	48	
B5	LYELL	TI LEVEL 5	DUCTWORK	36	60	
B6	SILVERBACK	TI LEVEL 6	DUCTWORK	36	60	
<b>NORTH CENTRAL SHAFT</b>						
C1	CORE & SHELL	CS	SUPPLY DUCT	66	50	
C2	CORE & SHELL	CS	EXHAUST DUCT	72	47	
<b>NORTHWEST SHAFT</b>						
D1	CORE & SHELL	CS	EXHAUST DUCT	60	48	
D3	CORE & SHELL	CS	SUPPLY DUCT	48	45	
<b>SOUTHEAST SHAFT</b>						
E1	CORE & SHELL	CS	ROOF DRAINS	24	36	
E2	NOVO NORDISK	TI LEVEL 1	EXHAUST DUCT	60	96	
E3	NOVO NORDISK	TI LEVEL 4	DUCTWORK	24	24	
E4	-	TI LEVEL 1	CHWS/R	36	24	
<b>SOUTH CENTRAL SHAFT</b>						
F1	CORE & SHELL	CS	EXHAUST DUCT	108	42	
F2	CORE & SHELL	CS	SUPPLY DUCT	108	42	
<b>SOUTHWEST SHAFT</b>						
G1	-	RETAIL TI L1	EXHAUST DUCT	60	36	
G2	-	TI LEVEL 8	VRF PIPING	24	12	
G3	CORE & SHELL	CS	VRF PIPING	24	12	
G4	LYELL	TI LEVEL 2	VRF PIPING	24	12	
G5	NANOSTRING	TI LEVEL 3	VRF PIPING	24	12	
G6	NOVO NORDISK	TI LEVEL 4	VRF PIPING	48	12	
G7	LYELL	TI LEVEL 5	VRF PIPING	24	12	
G8	SILVERBACK	TI LEVEL 6	VRF PIPING	24	12	
G9	NANOSTRING	TI LEVEL 7	VRF PIPING	24	12	

NOTES:  
 1: CORE SHELL PIPING LAYOUT VARIES BY FLOOR. FIELD VERIFY.  
 2: TENANT ALLOCATION LOCATION/SPACE FOR PIPING FOR FUTURE TENANTS NEGOTIATED AS NEEDED AS PART OF TENANT LEASE.



**EXHIBIT A-1**

**PROPERTY**

LOTS 4, 5 AND 6, BLOCK 5, SORENSON'S ADDITION TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 218, RECORDS OF KING COUNTY, WASHINGTON;

EXCEPT THE EASTERLY 2.00 FEET THEREOF DEED FOR ALLEY PURPOSES TO THE CITY OF SEATTLE

BY DEED RECORDED UNDER RECORDING NUMBER 20150113000318;

SITUATED IN THE CITY OF SEATTLE, COUNTY OF KING, STATE OF WASHINGTON.

A-1-1

**EXHIBIT B**

**WORK LETTER**

This Work Letter (this "Work Letter") is made and entered into as of the 27th day of November, 2018, by and between BMR-500 FAIRVIEW AVENUE LLC, a Delaware limited liability company, as landlord ("Landlord"), and LYELL IMMUNOPHARMA, INC., a Delaware corporation, as tenant ("Tenant"), and is attached to and made a part of that certain Lease dated as of the date hereof (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the "Lease"), by and between Landlord and Tenant for the Premises located at 500 Fairview Avenue North, Seattle, Washington. All capitalized terms used but not otherwise defined herein shall have the meanings given them in the Lease.

1. General Requirements.

1.1. Authorized Representatives.

(a) Landlord designates, as Landlord's authorized representative ("Landlord's Authorized Representative"), (i) John Moshy as the person authorized to initial plans, drawings, approvals and to sign change orders pursuant to this Work Letter and (ii) an officer of Landlord as the person authorized to sign any amendments to this Work Letter or the Lease. Tenant shall not be obligated to respond to or act upon any such item until such item has been initialed or signed (as applicable) by the appropriate Landlord's Authorized Representative. Landlord may change either Landlord's Authorized Representative upon one (1) business day's prior written notice to Tenant.

(b) Tenant designates Akira Matsuno ("Tenant's Authorized Representative") as the person authorized to initial and sign all plans, drawings, change orders and approvals pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any such item until such item has been initialed or signed (as applicable) by Tenant's Authorized Representative. Tenant may change Tenant's Authorized Representative upon one (1) business day's prior written notice to Landlord.

1.2. Second Floor Schedule. The schedule for design and development of the Second Floor Tenant Improvements, including the time periods for preparation and review of construction documents, approvals and performance, shall be in accordance with a schedule to be prepared by Tenant (the "Second Floor Schedule"). Tenant shall prepare the Second Floor Schedule so that it is a reasonable schedule for the completion of the Second Floor Tenant Improvements. The Second Floor Schedule shall clearly identify all activities requiring Landlord participation, including specific dates and time periods when Tenant's contractor will require access to areas of the Project outside of the Second Floor Premises. As soon as the Second Floor Schedule is completed, Tenant shall deliver the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Such Second Floor Schedule shall be approved or disapproved by Landlord within ten (10) business days after delivery to Landlord. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If Landlord disapproves the Second Floor

Schedule, then Landlord shall notify Tenant in writing of its objections to such Second Floor Schedule, and the parties shall confer and negotiate in good faith to reach agreement on the Second Floor Schedule. The Second Floor Schedule shall be subject to adjustment as mutually agreed upon in writing by the parties, or as provided in this Work Letter.

1.3. Architects, Contractors and Consultants. The architect, engineering consultants, design team, general contractor and subcontractors responsible for the construction of the Fifth Floor Tenant Improvements shall be selected by Landlord in Landlord's sole discretion; provided, however the parties agree that Turner Construction shall be the contractor for the Fifth Floor Tenant Improvements. The architect, engineering consultants, design team, general contractor and subcontractors responsible for the construction of the Second Floor Tenant Improvements shall be selected by Tenant and approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay. Landlord may refuse to use any architects, consultants, contractors, subcontractors or material suppliers that Landlord reasonably believes could cause labor disharmony or may not have sufficient experience, in Landlord's reasonable opinion, to perform work in an occupied Class "A" laboratory research building and in lab areas. All Tenant contracts related to the Second Floor Tenant Improvements shall provide that Tenant may assign such contracts and any warranties with respect to the Second Floor Tenant Improvements to Landlord at any time.

## 2. Fifth Floor Tenant Improvements.

2.1. Fifth Floor Tenant Improvement Plans. The Fifth Floor Tenant Improvements to be performed by Landlord pursuant to Article 4 of the Lease shall be performed by Landlord's contractor, subject to Section 4.1 of the Lease, (a) in conformance with the Fifth Floor Approved TI Plans (subject only to Fifth Floor TI Changes (as defined below) approved in accordance with Section 2.2 below and Fifth Floor TI Permitted Changes (as defined below)), and (b) otherwise in compliance with the Lease and this Work Letter. Landlord has prepared and provided to Tenant, and Tenant has approved, and hereby approves, the final plans and specifications for the Fifth Floor Tenant Improvements listed in Schedule 2.1, and such plans and specifications, together with all change orders related thereto that are specifically permitted by this Work Letter, are referred to herein collectively as the "Fifth Floor Approved TI Plans." The Fifth Floor Tenant Improvements shall be performed in accordance with Applicable Laws, in substantial conformance with the Fifth Floor Approved TI Plans (subject to Fifth Floor TI Changes approved in accordance with Section 2.2 below and Fifth Floor TI Permitted Changes); and the quality of the Fifth Floor Tenant Improvements shall be of a nature and character not less than the Building Standard.

2.2. Changes to the Fifth Floor Tenant Improvements. Landlord or Tenant may make changes to the Fifth Floor Approved TI Plans (each, a "Fifth Floor TI Change") in accordance with the provisions of this Article 2, which changes, if requested by Landlord, shall be subject to the written approval of Tenant, and if requested by Tenant, shall be subject to the written approval of Landlord, in accordance with this Work Letter.

(a) Fifth Floor TI Change Order Request. Tenant's consent shall not be required in connection with Fifth Floor TI Permitted Changes (as defined below) to the Fifth Floor Tenant Improvements. Other than Fifth Floor TI Permitted Changes, Landlord may



request Fifth Floor TI Changes by notifying Tenant thereof in writing in substantially the same form as the AIA standard change order form (an “Fifth Floor TI Change Request”), which Fifth Floor TI Change Request shall detail the nature and extent of any Fifth Floor TI Changes requested by Landlord, including any modification of the Fifth Floor Approved TI Plans necessitated by the Fifth Floor TI Change requested by Landlord. If the nature of a Fifth Floor TI Change requested by Landlord requires revisions to the Fifth Floor Approved TI Plans, then Landlord shall be solely responsible for the cost and expense of such revisions and any increases in the cost of the Fifth Floor Tenant Improvements as a result of such Fifth Floor TI Change requested by Landlord. Fifth Floor TI Change Requests requested by Landlord shall be signed by Landlord’s Authorized Representative. In addition, Tenant may request Fifth Floor TI Changes by notifying Landlord thereof by delivering to Landlord a Fifth Floor TI Change Request, which Fifth Floor TI Change Request shall detail the nature and extent of any Fifth Floor TI Changes requested by Tenant, including any modification of the Fifth Floor Approved TI Plans necessitated by the Fifth Floor TI Change requested by Tenant. Tenant shall be responsible for any increases in the cost of the Fifth Floor Tenant Improvements over and above the Fifth Floor Budgeted TI Cost as a result of such Fifth Floor TI Change requested by Tenant, and such increased cost shall constitute a Fifth Floor Tenant Increase Amount, which Tenant shall pay within thirty (30) days after receipt of any invoice therefor in accordance with Section 4.1 of the Lease. Fifth Floor TI Change Requests requested by Tenant shall be signed by Tenant’s Authorized Representative.

(b) Tenant’s Approval of Fifth Floor TI Changes Requested by Landlord; Landlord’s Approval of Fifth Floor TI Changes Requested by Tenant. All Fifth Floor TI Change Requests requested by Landlord (other than Fifth Floor TI Permitted Changes) shall be subject to Tenant’s prior written approval (which approval shall not be unreasonably withheld, conditioned or delayed). Tenant shall have five (5) business days after receipt of an Fifth Floor TI Change Request from Landlord to notify Landlord in writing of Tenant’s approval or rejection of the Fifth Floor TI Change requested by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant’s failure to respond within such five (5) business day period shall be deemed approval by Tenant of any Fifth Floor TI Change requested by Landlord. All Fifth Floor TI Change Requests requested by Tenant shall be subject to Landlord’s prior written approval which approval shall not to be unreasonably withheld, conditioned or delayed; provided, however, and without limitation, Landlord may condition approval for any Tenant requested Fifth Floor TI Change Request on Tenant’s payment of Fifth Floor Tenant Increase Amounts pursuant to the terms of Section 4.1 of the Lease.

(c) Fifth Floor TI Permitted Changes. For purposes of this Work Letter, a “Fifth Floor TI Permitted Change” shall mean (i) minor field changes and (ii) changes required by a Governmental Authority.

3. Second Floor Tenant Improvements. All Second Floor Tenant Improvements shall be performed by Tenant’s contractor, at Tenant’s sole cost and expense (subject to Landlord’s obligations with respect to the Second Floor TI Allowance) and in accordance with the Second Floor Approved TI Plans (as defined below), the Lease and this Work Letter. All material and equipment furnished by Tenant or its contractors as the Second Floor Tenant Improvements shall be new or “like new;” the Second Floor Tenant Improvements shall be performed in a first-class,

workmanlike manner, in accordance with Applicable Laws; and the quality of the Second Floor Tenant Improvements shall be of a nature and character not less than the Building Standard. Tenant shall take, and shall its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Second Floor Tenant Improvements, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage. Tenant shall not construct or permit to be constructed partitions or other obstructions that might interfere with free access to mechanical installation or service facilities of the Building or with other tenants' components located within the Building, or interfere with the moving of Landlord's equipment to or from the enclosures containing such installations or facilities. Tenant shall accomplish the Second Floor Tenant Improvements in such a manner as to permit any life safety systems to remain fully operable at all times, other than during the discrete period in which Tenant is tying its life safety systems for the Second Floor Premises into the Building's life safety systems; provided, however, that in the event the Building's life safety systems needs to be shut down in connection with Tenant tying its life safety systems into the Building's life safety systems, such work may only be done with at least five (5) business days' advance written notice by Tenant to Landlord and subject to the prior written approval of Landlord, and that, in any case, such shutdown is only a one-time occurrence that occurs outside of the Building's normal business hours. Tenant covenants and agrees that all work done by Tenant or Tenant's contractors shall be performed in full compliance with Applicable Laws. Within sixty (60) days after final completion of the Second Floor Tenant Improvements, Tenant shall submit to Landlord documentation showing the amounts expended by Tenant with respect to such Second Floor Tenant Improvements, together with reasonable supporting documentation and any other information or documentation reasonably requested by Landlord. Landlord shall not publish or distribute such information, but may disclose it to Landlord's affiliates and their respective employees, officers, directors, shareholders, partners, members, attorneys, accountants, advisors, lenders and agents with a legitimate business reason for needing the information, or as required by Applicable Laws. Tenant shall take, and shall cause its contractors to take, commercially reasonable steps to protect the Premises during the performance of the Second Floor Tenant Improvements, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

3.1. Work Plans. Tenant shall prepare and submit to Landlord for approval schematics covering the Second Floor Tenant Improvements prepared in conformity with the applicable provisions of this Work Letter (the "Second Floor Draft Schematic TI Plans"). As part of the Second Floor Tenant Improvements and in accordance with this Work Letter, Landlord has conceptually agreed that the Second Floor Tenant Improvements reflected in the Second Floor Draft Schematic TI Plans will include an air handler with exterior venting to service the manufacturing facility in the Second Floor Premises, in the location shown on Exhibit I hereto, and with regard to same, Tenant shall perform such installation at its sole cost and shall assume any and all risk and liability therefor, and Landlord shall have no obligation, risk or liability whatsoever with respect to such air handler, including any obligation to install, operate, maintain or repair such air handler or to ensure that such air handler functions properly. The Second Floor Draft Schematic TI Plans shall contain sufficient information and detail to accurately describe the proposed design to Landlord and shall further refine the air handler components. Tenant shall provide Landlord with such other information as Landlord may reasonably request. Landlord shall notify Tenant in writing within fifteen (15) business days

after receipt of the Second Floor Draft Schematic TI Plans whether Landlord approves or objects to the Second Floor Draft Schematic TI Plans and of the manner, if any, in which the Second Floor Draft Schematic TI Plans are unacceptable. Landlord's failure to respond within such fifteen (15) business day period shall be deemed an approval by Landlord. If Landlord reasonably objects to the Second Floor Draft Schematic TI Plans, then Tenant shall revise the Second Floor Draft Schematic TI Plans and cause Landlord's objections to be remedied in the revised Second Floor Draft Schematic TI Plans. Tenant shall then resubmit the revised Second Floor Draft Schematic TI Plans to Landlord for approval, such approval not to be unreasonably withheld, conditioned or delayed. Landlord's approval of or objection to revised Second Floor Draft Schematic TI Plans and Tenant's correction of the same shall be in accordance with this Section until Landlord has approved the Second Floor Draft Schematic TI Plans in writing or been deemed to have approved them. The iteration of the Second Floor Draft Schematic TI Plans that is approved or deemed approved by Landlord without objection shall be referred to herein as the "Second Floor Approved Schematic TI Plans."

3.2. Second Floor Construction TI Plans. Tenant shall prepare final plans and specifications for the Second Floor Tenant Improvements that (a) are consistent with and are logical evolutions of the Second Floor Approved Schematic TI Plans and (b) incorporate any other Tenant-requested (and Landlord-approved) Second Floor TI Changes (as defined below). As soon as such final plans and specifications ("Second Floor Construction TI Plans") are completed, Tenant shall deliver the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Such Second Floor Construction TI Plans shall be approved or disapproved by Landlord within ten (10) business days after delivery to Landlord. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If the Second Floor Construction TI Plans are disapproved by Landlord, then Landlord shall notify Tenant in writing of its objections to such Second Floor Construction TI Plans, and the parties shall confer and negotiate in good faith to reach agreement on the Second Floor Construction TI Plans. Promptly after the Second Floor Construction TI Plans are approved by Landlord and Tenant, two (2) copies of such Second Floor Construction TI Plans shall be initialed and dated by Landlord and Tenant, and Tenant shall promptly submit such Second Floor Construction TI Plans to all appropriate Governmental Authorities for approval. The Second Floor Construction TI Plans so approved, and all change orders specifically permitted by this Work Letter, are referred to herein as the "Second Floor Approved TI Plans."

3.3. Changes to the Tenant Improvements. Any changes to the Second Floor Approved TI Plans (each, a "Second Floor TI Change") shall be requested and instituted in accordance with the provisions of this Article 3 and shall be subject to the written approval of the non-requesting party in accordance with this Work Letter.

(a) Second Floor TI Change Request. Either Landlord or Tenant may request Second Floor TI Changes after Landlord approves the Second Floor Approved TI Plans by notifying the other party thereof in writing in substantially the same form as the AIA standard change order form (a "Second Floor TI Change Request"), which Second Floor TI Change Request shall detail the nature and extent of any requested Second Floor TI Changes, including (a) the Second Floor TI Change, (b) the party required to perform the Second Floor TI Change

and (c) any modification of the Second Floor Approved TI Plans and the Second Floor Schedule, as applicable, necessitated by the Second Floor TI Change. If the nature of a Second Floor TI Change requires revisions to the Second Floor Approved TI Plans, then the requesting party shall be solely responsible for the cost and expense of such revisions and any increases in the cost of the Second Floor Tenant Improvements as a result of such Second Floor TI Change. Second Floor TI Change Requests shall be signed by the requesting party's Authorized Representative.

(b) Approval of Second Floor TI Changes. All Second Floor TI Change Requests shall be subject to the other party's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. The non-requesting party shall have five (5) business days after receipt of a Second Floor TI Change Request to notify the requesting party in writing of the non-requesting party's decision either to approve or object to the Second Floor TI Change Request. The non-requesting party's failure to respond within such five (5) business day period shall be deemed approval by the non-requesting party.

3.4. Preparation of Estimates. Tenant shall, before proceeding with any Second Floor TI Change, using its best efforts, prepare as soon as is reasonably practicable (but in no event more than five (5) business days after delivering a Second Floor TI Change Request to Landlord or receipt of a Second Floor TI Change Request) an estimate of the increased costs or savings that would result from such Second Floor TI Change, as well as an estimate on such Second Floor TI Change's effects on the Schedule. Landlord shall have five (5) business days after receipt of such information from Tenant to (a) in the case of a Second Floor TI Change Request, approve or reject such Second Floor TI Change Request in writing, or (b) in the case of a Landlord initiated Second Floor TI Change Request, notify Tenant in writing of Landlord's decision either to proceed with or abandon the Landlord-initiated Second Floor TI Change Request.

3.5. Quality Control Program; Coordination. Tenant shall provide Landlord with information regarding the following with respect to the Second Floor Tenant Improvements (together, the "QCP"): (a) Tenant's general contractor's quality control program and (b) evidence of subsequent monitoring and action plans. The QCP shall be subject to Landlord's reasonable review and approval and shall specifically address the Second Floor Tenant Improvements. Tenant shall ensure that the QCP is regularly implemented on a scheduled basis and shall provide Landlord with reasonable prior notice and access to attend all inspections and meetings between Tenant and its general contractor. At the conclusion and completion of the Second Floor Tenant Improvements, Tenant shall deliver the quality control log to Landlord, which shall include all records of quality control meetings and testing and of inspections held in the field, including inspections relating to concrete, steel roofing, piping pressure testing and system commissioning.

4. Completion of Second Floor Tenant Improvements. Tenant, at its sole cost and expense (except for the Second Floor TI Allowance, shall perform and complete the Second Floor Tenant Improvements in all respects (a) in substantial conformance with the Second Floor Approved TI Plans, (b) otherwise in compliance with provisions of the Lease and this Work Letter and (c) in accordance with Applicable Laws, the requirements of Tenant's insurance carriers, the requirements of Landlord's insurance carriers (to the extent Landlord provides its insurance

carriers' requirements to Tenant) and the board of fire underwriters having jurisdiction over the Premises. The Second Floor Tenant Improvements shall be deemed completed at such time as Tenant shall furnish to Landlord (t) evidence satisfactory to Landlord, in Landlord's reasonable determination, that (i) all Second Floor Tenant Improvements have been completed and paid for in full (which shall be evidenced by the architect's certificate of completion and the general contractor's and each subcontractor's and material supplier's final unconditional waivers and releases of liens, each in a form acceptable to Landlord and complying with Applicable Laws, and a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor for the Second Floor Tenant Improvements, together with a statutory notice of substantial completion from the general contractor for the Second Floor Tenant Improvements), (ii) any and all liens related to the Second Floor Tenant Improvements have either been discharged of record (by payment, bond, order of a court of competent jurisdiction or otherwise) or waived by the party filing such lien and (iii) no security interests relating to the Second Floor Tenant Improvements are outstanding, (u) all certifications and approvals with respect to the Second Floor Tenant Improvements that may be required from any Governmental Authority and any board of fire underwriters or similar body for the use and occupancy of the Second Floor Premises (including a temporary certificate of occupancy (or its substantial equivalent) for the Second Floor Premises for the Permitted Use), (v) certificates of insurance required by the Lease to be purchased and maintained by Tenant, (w) an affidavit from Tenant's architect certifying that all work performed in, on or about the Second Floor Premises is in accordance with the Second Floor Approved TI Plans, (x) complete "as built" drawing print sets, project specifications and shop drawings and electronic CADD files on disc (showing the Second Floor Tenant Improvements as an overlay on the Building "as built" plans (provided that Landlord provides the Building "as-built" plans provided to Tenant) of all contract documents for work performed by their architect and engineers in relation to the Second Floor Tenant Improvements, (y) a commissioning report prepared by a licensed, qualified commissioning agent hired by Tenant and approved by Landlord for all new or affected mechanical, electrical and plumbing systems (which report Landlord may hire a licensed, qualified commissioning agent to peer review, and whose reasonable recommendations Tenant's commissioning agent shall perform and incorporate into a revised report) and (z) such other "close out" materials as Landlord reasonably requests consistent with Landlord's own requirements for its contractors, such as copies of manufacturers' warranties, operation and maintenance manuals and the like.

5. Insurance. Tenant shall maintain, or cause to be maintained at all times (including during the construction of the Second Floor Tenant Improvements) insurance required of Tenant pursuant to Section 23 of the Lease. Tenant shall cause its contractors or subcontractors to purchase and maintain at all times during the construction and performance of the Second Floor Tenant Improvements the insurance coverages and amounts set forth on Schedule B-1 attached hereto and incorporated herein, including, statutory workers' compensation insurance as required by Applicable Laws.

5.1. Waivers of Subrogation. Any insurance provided pursuant to this Article shall waive subrogation against the Landlord Parties and Tenant shall hold harmless and indemnify the Landlord Parties for any loss or expense incurred as a result of a failure to obtain such waivers of subrogation from insurers.

6. Liability. Tenant assumes sole responsibility and liability for any and all injuries or the death of any persons, including Tenant's contractors and subcontractors and their respective employees, agents and invitees, and for any and all damages to property arising from or arising from any act or omission on the part of Tenant, Tenant's contractors or subcontractors, or their respective employees, agents and invitees in the prosecution of the Second Floor Tenant Improvements. Tenant agrees to Indemnify the Landlord Indemnitees from and against all Claims due to, because of or arising from any and all such injuries, death or damage, whether real or alleged, and Tenant and Tenant's contractors and subcontractors shall assume and defend at their sole cost and expense all such Claims; provided, however, that nothing contained in this Work Letter shall be deemed to Indemnify Landlord from or against liability to the extent directly arising from a Landlord Party's negligence or willful misconduct in connection with Tenant's construction and performance of the Second Floor Tenant Improvements. Any deficiency in design or construction of the Tenant Improvements shall be solely the responsibility of Tenant, notwithstanding the fact that Landlord may have approved of the same in writing.

7. Second Floor TI Allowance.

7.1. Application of Second Floor TI Allowance. Landlord shall contribute the Second Floor Base TI Allowance upon Tenant's submission of Fund Requests in accordance with this Work Letter, provided that Tenant shall pay the costs of the Second Floor Tenant Improvements on a pari passu basis with Landlord as such costs are paid, in the proportion of such Second Floor Excess TI Costs payable by Tenant to the Second Floor TI Allowance payable by Landlord, in accordance with Article 4 of the Lease.

7.2. Approval of Budget for the Second Floor Tenant Improvements. Notwithstanding anything to the contrary set forth elsewhere in this Work Letter or the Lease, Landlord shall not have any obligation to expend any portion of the Second Floor TI Allowance until Landlord and Tenant shall have approved in writing the budget for the Second Floor Tenant Improvements (the "Second Floor Approved TI Budget"). Prior to Landlord's approval of the Second Floor Approved TI Budget, Tenant shall pay all of the costs and expenses incurred in connection with the Second Floor Tenant Improvements as they become due. Landlord shall not be obligated to reimburse Tenant for costs or expenses relating to the Second Floor Tenant Improvements that exceed the amount of the Second Floor TI Allowance. Landlord shall not unreasonably withhold, condition or delay its approval of any budget for Second Floor Tenant Improvements that is proposed by Tenant. If Landlord fails to object in writing within five (5) business days after receipt of a Second Floor TI Budget from Tenant, the budget submitted for review by Tenant shall be deemed approved.

7.3. Fund Requests. Upon submission by Tenant to Landlord as of or prior to the TI Deadline of (a) a statement (a "Fund Request") setting forth the total amount of the Second Floor TI Allowance requested, (b) a summary of the Second Floor Tenant Improvements performed using AIA standard form Application for Payment (G 702) executed by the general contractor and by the architect, (c) invoices from the general contractor, the architect, and any subcontractors, material suppliers and other parties requesting payment with respect to the amount of the Second Floor TI Allowance then being requested, (d) unconditional lien releases

from the general contractor and each subcontractor and material supplier with respect to previous payments made by either Landlord or Tenant for the Second Floor Tenant Improvements in a form reasonably acceptable to Landlord and complying with Applicable Laws and (e) conditional lien releases from the general contractor and each subcontractor and material supplier with respect to the Second Floor Tenant Improvements performed that correspond to the Fund Request in a form acceptable to Landlord and complying with Applicable Laws, then Landlord shall, within thirty (30) days following receipt by Landlord of a Fund Request and the accompanying materials required by this Section, pay to (as elected by Landlord) the applicable contractors, subcontractors and material suppliers or Tenant (for reimbursement for payments made by Tenant to such contractors, subcontractors or material suppliers either prior to Landlord's approval of the Second Floor Approved TI Budget or as a result of Tenant's decision to pay for the Second Floor Tenant Improvements itself and later seek reimbursement from Landlord in the form of one lump sum payment in accordance with the Lease and this Work Letter), the amount of Second Floor Tenant Improvement costs set forth in such Fund Request or Landlord's pari passu share thereof if Excess Second Floor TI Costs exist based on the Second Floor Approved TI Budget; provided, however, that Landlord shall not be obligated to make any payments under this Section until the budget for the Second Floor Tenant Improvements is approved in accordance with Section 7.2, and any Fund Request under this Section shall be submitted as of or prior to the TI Deadline and shall be subject to the payment limits set forth in Section 7.2 above and Article 4 of the Lease. Notwithstanding anything in this Section to the contrary, Tenant shall not submit a Fund Request after the TI Deadline or more often than every thirty (30) days. Any additional Fund Requests submitted by Tenant after the TI Deadline or more often than every thirty (30) days shall be void and of no force or effect. Notwithstanding the anything in this Section to the contrary, (i) lien releases are not required from those subcontractors and material suppliers, providing less than Five Thousand Dollars (\$5,000) total labor or supplies to the Second Floor Tenant Improvements project, and (ii) Landlord shall not withhold payment for an entire Fund Request based on failure to secure one or more specific lien releases for an amount that is less than \$50,000 from a subcontractor or material supplier if the charge that is the subject of the lien release is the subject of a good-faith dispute between Tenant and such subcontractor or material supplier, provided Tenant is contesting such payment in good faith in accordance with Applicable Laws and has posted a bond or provided other security acceptable to Landlord and for the benefit of Landlord with regard to any disputed charge that is less than \$50,000 that may result in a property lien.

7.4. Accrual Information. In addition to the other requirements of this Section 7, Tenant shall, no later than the second (2<sup>nd</sup>) business day of each month until the Second Floor Tenant Improvements are complete, provide Landlord with an estimate of (a) the percentage of design and other soft cost work that has been completed, (b) design and other soft costs spent through the end of the previous month, both from commencement of the Second Floor Tenant Improvements and solely for the previous month, (c) the percentage of construction and other hard cost work that has been completed, (d) construction and other hard costs spent through the end of the previous month, both from commencement of the Second Floor Tenant Improvements and solely for the previous month, and (e) the date of Substantial Completion of the Second Floor Tenant Improvements.

8. Substantial Completion. As used in this Work Letter and the Lease, the term “Substantially Complete” or “Substantial Completion” means that the Second Floor Tenant Improvements or Fifth Floor Tenant Improvements are substantially complete in accordance with the Second Floor Approved TI Plans or Fifth Floor Approved TI Plans, as applicable, except for minor punch list items which do not materially interfere with Tenant’s use and enjoyment of the Premises. Landlord shall complete such minor punch list items solely with respect to the Fifth Floor Tenant Improvements within sixty (60) days after Substantial Completion of same.

9. Requests for Consent. Except as otherwise provided in this Work Letter, each of Landlord and Tenant shall respond to all requests for consents, approvals or directions made by the other pursuant to this Work Letter within five (5) business days following the approving party’s receipt of such request. The approving party’s failure to respond within such five (5) business day period shall be deemed approval by such party.

10. Miscellaneous.

10.1. Incorporation of Lease Provisions. Sections 40.6 through 40.19 of the Lease are incorporated into this Work Letter by reference, and shall apply to this Work Letter in the same way that they apply to the Lease.

10.2. General. Except as otherwise set forth in the Lease or this Work Letter, this Work Letter shall not apply to improvements performed in any additional premises added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise; or to any portion of the Premises or any additions to the Premises in the event of a renewal or extension of the original Term, whether by any options under the Lease or otherwise, unless the Lease or any amendment or supplement to the Lease expressly provides that such additional premises are to be delivered to Tenant in the same condition as the initial Premises. If Tenant fails to pay, or is late in paying, any sum due to Landlord under this Work Letter, then Landlord shall have all of the rights and remedies set forth in the Lease for nonpayment of Rent (including the right to interest and the right to assess a late charge), and for purposes of any litigation instituted with regard to such amounts the same shall be considered Rent.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]



IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter to be effective on the date first above written.

LANDLORD:

BMR-500 FAIRVIEW AVENUE LLC,  
a Delaware limited liability company

By: /s/ Kevin Simonsen  
Name: Kevin Simonsen  
Title: Senior Vice President, Senior Counsel & Secretary

TENANT:

LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Signature Page to the BMR - Lyell Lease Work Letter

IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter to be effective on the date first above written.

LANDLORD:

BMR-500 FAIRVIEW AVENUE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Kevin Simonsen  
Title: Senior Vice President, Senior Counsel & Secretary

TENANT:

LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation

By: /s/ Akira Matsuno  
Name: Akira Matsuno  
Title: CFO: Head of Corporate Development

Signature Page to the BMR - Lyell Lease Work Letter

---

**SCHEDULE 2.1**

**FIFTH FLOOR APPROVED TI PLANS**

[See attached.]

Schedule 2.1

**BMR VUE FLOOR-5, LYELL T.I. PERMIT SET**

<b>SHEET #</b>	<b>DRAWING TITLE</b>	<b>DATE</b>	<b>ISSUE NAME</b>
A0.01	GENERAL PROJECT INFORMATION	12-Nov-18	PERMIT SET (LYELL)
A0.02	ABBREVIATIONS & SYMBOLS	12-Nov-18	PERMIT SET (LYELL)
A1.11	SITE PLAN	12-Nov-18	PERMIT SET (LYELL)
A1.25	LIFE SAFETY PLAN - FLOOR 5	12-Nov-18	PERMIT SET (LYELL)
A2.51	DEMOLITION PLAN - FLOOR 5	12-Nov-18	PERMIT SET (LYELL)
A2.52	FLOOR PLAN - FLOOR 5	12-Nov-18	PERMIT SET (LYELL)
A2.53	REFLECTED CEILING PLAN - FLOOR 5	12-Nov-18	PERMIT SET (LYELL)
A4.10	ENLARGED RESTROOM PLAN & INTERIOR ELEVS	12-Nov-18	PERMIT SET (LYELL)
A5.01	INTERIOR ELEVATIONS	12-Nov-18	PERMIT SET (LYELL)
A5.11	CASEWORK ELEVATIONS	12-Nov-18	PERMIT SET (LYELL)
A6.11	WALL INFORMATION	12-Nov-18	PERMIT SET (LYELL)
A6.21	DOOR, RELITE, & HARDWARE INFORMATION	12-Nov-18	PERMIT SET (LYELL)
A6.31	FINISH & MATERIAL INFORMATION	12-Nov-18	PERMIT SET (LYELL)
A9.11	DETAILS	12-Nov-18	PERMIT SET (LYELL)
Lab Planning Drawings Lyell VUE Level 5- Plan V12		16-Oct-18	

#	Discipline	Document Type	Drawing set	Received / Publish date	Document / sheet date	Document number	Sheet name
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A0.01	General Project Information
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A0.02	Abbreviations & Symbols
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A1.11	Site Plan
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A1.25	Life Safety Plan - Floor 5
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A2.51	Demolition Plan - Floor 5
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A2.52	Construction Plan - Floor 5
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A2.53	Reflected Ceiling Plan - Floor 5
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A2.53-ALT	Reflected Ceiling Plan - Floor 5 - Alternate
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A2.54	Finish Plan - Floor 5
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A2.54-ALT	Finish Plan - Floor 5- Alternate
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A2.55	Casework & Equipment Plan - Floor 5
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A4.10	Enlarged Restroom Plan & Interior Elevs.
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A5.01	Interior Elevations
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A5.11	Casework Elevations
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A6.11	Wall Information
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A6.21	Door, Relite, Hardware & Wall Information
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A6.31	Finish & Material Information
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A9.10	Details
	Architectural	Drawing	CD Set	5/16/2018	5/16/2018	A9.11	Details
	Fire Protection	Drawing	Issued for Permit	5/23/2018	5/23/2018	FP-L05-TI	Fire Sprinkler Plan
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-001	PLUMBING LEGEND & ABBREVIATIONS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-010	PLUMBING BOD & SPECIFICATIONS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-060	PLUMBING SCHEDULES
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-141	PLUMBING - LEVEL 4 CEILING PLAN
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-151	PLUMBING - LEVEL 5 CEILING PLAN
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-301	SECTION VIEWS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-401	ENLARGED FLOOR PLANS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-501	DETAILS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-701	DOMESTIC, LAB AND TEMPERED WATER RISER DIAGRAM
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-702	WASTE AND VENT RISER DIAGRAM
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-001	MECHANICAL LEGEND & ABBREVIATIONS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-002	MECHANICAL B.O.D & SOUND CALCULATIONS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-003	MECHANICAL SPECIFICATIONS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-020	MECHANICAL CONTROLS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-060	MECHANICAL SCHEDULES
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-500	MECHANICAL DETAILS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	MH-151	HVAC - LEVEL 5 PLAN - SOUTH
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	MH-181	HVAC - ROOF LEVEL - SOUTH
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	MI-151	INSTRUMENTATION - LEVEL 5 PLAN - SOUTH
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	MP-151	PIPING - LEVEL 5 PLAN - SOUTH
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E0.1	COVER SHEET AND GENERAL INFORMATION
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E0.2	GENERAL NOTES
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E0.3	LUMINAIRE SCHEDULE
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E0.4	NREC
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E2.1	LEVEL 5 LIGHTING PLAN
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E3.1	LEVEL 5 POWER PLAN
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E5.1	ONE-LINE DIAGRAM NORMAL & OS
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E5.2	ONE-LINE DIAGRAM - EMERGENCY
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E6.1	PANEL SCHEDULES
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E6.2	PANEL SCHEDULES
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E6.3	PANEL SCHEDULES
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E7.1	DETAILS

#	Discipline	Document Type	Drawing set	Received / Publish date	Document / sheet date	Document number	Sheet name
	Fire Protection	Drawing	Issued for Permit	5/23/2018	5/23/2018	FP-L05-TI	Fire Sprinkler Plan
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-001	PLUMBING LEGEND & ABBREVIATIONS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-010	PLUMBING BOD & SPECIFICATIONS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-060	PLUMBING SCHEDULES
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-141	PLUMBING - LEVEL 4 CEILING PLAN
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-151	PLUMBING - LEVEL 5 CEILING PLAN
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-301	SECTION VIEWS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-401	ENLARGED FLOOR PLANS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-501	DETAILS
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-701	DOMESTIC, LAB AND TEMPERED WATER RISER DIAGRAM
	Plumbing	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	P-702	WASTE AND VENT RISER DIAGRAM
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-001	MECHANICAL LEGEND & ABBREVIATIONS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-002	MECHANICAL B.O.D & SOUND CALCULATIONS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-003	MECHANICAL SPECIFICATIONS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-020	MECHANICAL CONTROLS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-060	MECHANICAL SCHEDULES
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	M-500	MECHANICAL DETAILS
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	MH-151	HVAC - LEVEL 5 PLAN - SOUTH
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	MH-181	HVAC - ROOF LEVEL - SOUTH
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	MI-151	INSTRUMENTATION - LEVEL 5 PLAN - SOUTH
	Mechanical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	MP-151	PIPING - LEVEL 5 PLAN - SOUTH
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E0.1	COVER SHEET AND GENERAL INFORMATION
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E0.2	GENERAL NOTES
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E0.3	LUMINAIRE SCHEDULE
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E0.4	NREC
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E2.1	LEVEL 5 LIGHTING PLAN
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E3.1	LEVEL 5 POWER PLAN
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E5.1	ONE-LINE DIAGRAM NORMAL & OS
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E5.2	ONE-LINE DIAGRAM - EMERGENCY
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E6.1	PANEL SCHEDULES
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E6.2	PANEL SCHEDULES
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E6.3	PANEL SCHEDULES
	Electrical	Drawing	Combined Drawing Set	6/13/2018	6/13/2018	E7.1	DETAILS

**EXHIBIT B-1**

**TENANT WORK INSURANCE SCHEDULE**

Tenant shall be responsible for requiring all of Tenant contractors doing construction or renovation work for Tenant to purchase and maintain such insurance as shall protect it from the claims set forth below which may arise out of or result from any Tenant Work whether such Tenant Work is completed by Tenant or by any Tenant contractors or by any person directly or indirectly employed by Tenant or any Tenant contractors, or by any person for whose acts Tenant or any Tenant contractors may be liable:

1. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Tenant Work to be performed.
2. Claims for damages because of bodily injury, occupational sickness or disease, or death of employees under any applicable employer's liability law.
3. Claims for damages because of bodily injury, or death of any person other than Tenant's or any Tenant contractors' employees.
4. Claims for damages insured by usual personal injury liability coverage which are sustained (a) by any person as a result of an offense directly or indirectly related to the employment of such person by Tenant or any Tenant contractors or (b) by any other person.
5. Claims for damages, other than to the Tenant Work itself, because of injury to or destruction of tangible property, including loss of use therefrom.
6. Claims for damages because of bodily injury or death of any person or property damage arising from the ownership, maintenance or use of any motor vehicle.

Tenant contractors' Commercial General Liability Insurance shall include premises/operations (including explosion, collapse and underground coverage if such Tenant Work involves any underground work), elevators, independent contractors, products and completed operations, and blanket contractual liability on all written contracts, all including broad form property damage coverage.

Tenant contractors' Insurance shall be written for not less than limits of liability as follows:

- a. Commercial General Liability:  
Bodily Injury and Property Damage Not less than (a) for the general contractor, \$2,000,000 per occurrence and \$5,000,000 general aggregate, with \$5,000,000 products and completed operations aggregate, and (b) for all other contractors and subcontractors, \$1,000,000 per occurrence and \$2,000,000 general aggregate, with \$2,000,000 products and completed operations aggregate
- b. Commercial Automobile Liability:  
Bodily Injury and Property Damage Coverage for liability arising from the use or operation of any auto on behalf of Tenant or invited by Tenant (including those owned, hired, rented, leased, borrowed, scheduled or non-owned). Coverage shall be on a broad-based occurrence form in an amount not less than \$2,000,000 combined single limit per accident. Such coverage shall apply to all vehicles and persons, whether accessing the property with active or passive consent
- c. Employer's Liability:  
Each Accident \$1,000,000  
Disease - Policy Limit \$1,000,000  
Disease - Each Employee \$1,000,000
- d. Umbrella Liability:  
Bodily Injury and Property Damage (Excess of coverages a, b and c above) of not less than \$5,000,000 per occurrence / aggregate



- |    |   |   |
|----|---|---|
| e. | Workers' Compensation:  | As required by Applicable Laws  |
| f. | Professional Liability Insurance Coverage (required for contractors and consultants providing professional services, including, but not limited to, architects, engineers, consultants, and any other contractor providing design work) | \$5,000,000. Coverage for actual or alleged negligent acts, errors or omissions committed in the performance of activities and/or arising out of work in connection with the Tenant Improvements, regardless of the type of damages. Such contractor shall maintain continuous insurance coverages for six years following completion of the applicable work in connection with the Tenant Improvements |

All subcontractors for Tenant contractors shall carry the same coverages and limits as specified above, unless different limits are reasonably approved by Landlord. The foregoing policies shall contain a provision that coverages afforded under the policies shall not be canceled or not renewed until at least thirty (30) days' prior written notice has been given to the Landlord. Certificates of insurance including required endorsements showing such coverages to be in force shall be filed with Landlord prior to the commencement of any Tenant Work and prior to each renewal. Coverage for completed operations must be maintained for the lesser of six (6) years and the applicable statute of repose following completion of the Tenant Work, and certificates evidencing this coverage must be provided to Landlord. The minimum A.M. Best's rating of each insurer for any general contractor and design consultants shall be A X. The minimum A.M. Best's rating of each insurer for any subcontractors, non-design consultants and subconsultants shall be A VII. Landlord, BioMed Realty, L.P., and BRE Edison L.P., and their respective officers, employees, agents, partners, members, subsidiaries, affiliates and Lenders shall be named as an additional insureds under Tenant contractors' Commercial General Liability, Commercial Automobile Liability, Umbrella Liability and, to the extent required by the Lease, the Work Letter or this Exhibit, Pollution Legal Liability Insurance policies as respects liability arising from work or operations performed, or ownership, maintenance or use of any autos, by or on behalf of such contractors. Each contractor and its insurers shall provide waivers of subrogation with respect to all insurance required by the Lease, the Work Letter or this Exhibit.

If any contractor's work involves the handling or removal of asbestos, lead or other Hazardous Materials (as determined by Landlord in its sole and absolute discretion), such contractor shall also carry Pollution Legal Liability insurance. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage, including physical injury to or destruction of tangible property (including the resulting loss of use thereof), clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or

---

body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the Term Commencement Date, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than \$1,000,000 per incident with a \$2,000,000 policy aggregate.

EXHIBIT C

**FORM OF ADDITIONAL TI ALLOWANCE ACCEPTANCE LETTER**

[TENANT LETTERHEAD]

BMR-500 FAIRVIEW AVENUE LLC  
17190 Bernardo Center Drive  
San Diego, California 92128  
Attn: Legal Department

[Date]

Re: Additional TI Allowance

To Whom It May Concern:

This letter concerns that certain Lease dated as of November 21, 2018 (the "Lease"), between BMR-500 FAIRVIEW AVENUE LLC, a Delaware limited liability company, as landlord ("Landlord"), and LYELL IMMUNOPHARMA, INC., a Delaware corporation, as tenant ("Tenant"). Capitalized terms not otherwise defined herein shall have the meanings given them in the Lease.

Tenant hereby notifies Landlord that it wishes to exercise its right to utilize the Additional TI Allowance pursuant to Article 4 of the Lease.

If you have any questions, please do not hesitate to call [ ] at ([ ]) [ ]-[ ].

Sincerely,

[Name]

[Title of Authorized Signatory]

cc: Karen Sztraicher  
Jon Bergschneider  
Kevin Simonsen

**EXHIBIT D**

**FORM OF LETTER OF CREDIT**

[On letterhead or L/C letterhead of Issuer]

**L/C DRAFT LANGUAGE**

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER \_\_\_\_\_

ISSUE DATE: \_\_\_\_\_

ISSUING BANK:  
SILICON VALLEY BANK  
3003 TASMAN DRIVE  
2ND FLOOR, MAIL SORT HF210  
SANTA CLARA, CALIFORNIA 95054

BENEFICIARY:  
BMR - 500 FAIRVIEW AVENUE LLC  
17190 BERNARDO CENTER DRIVE  
SAN DIEGO, CA 92128  
ATTN: LEGAL DEPARTMENT

APPLICANT:  
LYELL IMMUNOPHARMA, INC.  
883 ROBB ROAD,  
PALO ALTO, CA 94306

AMOUNT: US\$1,600,000.00 (ONE MILLION SIX HUNDRED THOUSAND AND 00/100 U.S. DOLLARS)

EXPIRATION DATE: ONE YEAR FROM ISSUANCE

LOCATION: SANTA CLARA, CALIFORNIA

DEAR SIR/MADAM:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. SVBSF \_\_\_\_\_ IN YOUR FAVOR AVAILABLE BY YOUR DRAFTS DRAWN ON US AT SIGHT IN THE FORM OF EXHIBIT "A" ATTACHED AND ACCOMPANIED BY THE FOLLOWING DOCUMENTS (TOGETHER WITH THE COMPLETED SIGHT DRAFT IN THE FORM OF EXHIBIT A, THE "REQUIRED DOCUMENTS"):

THE ORIGINAL OF THIS LETTER OF CREDIT AND ALL AMENDMENT(S), IF ANY.

NO OTHER EVIDENCE OF AUTHORITY, CERTIFICATE, OR DOCUMENTATION IS REQUIRED. PARTIAL DRAWS AND MULTIPLE PRESENTATIONS ARE ALLOWED. THE ORIGINAL OF THIS LETTER OF CREDIT MUST ACCOMPANY ANY DRAWINGS HEREUNDER FOR ENDORSEMENT OF THE

DRAWING AMOUNT AND WILL BE RETURNED TO THE BENEFICIARY UNLESS IT IS FULLY UTILIZED. THE AMOUNT AVAILABLE UNDER THIS LETTER OF CREDIT WILL BE REDUCED BY THE AMOUNT OF ANY DRAWINGS HEREUNDER.

THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY EXTENDED FOR AN ADDITIONAL PERIOD OF ONE YEAR, WITHOUT AMENDMENT FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE UNLESS AT LEAST 90 DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE WE SEND YOU A NOTICE BY OVERNIGHT COURIER SERVICE AT THE ABOVE ADDRESS (OR ANY OTHER ADDRESS INDICATED BY YOU, IN A WRITTEN NOTICE TO US THE RECEIPT OF WHICH WE HAVE ACKNOWLEDGED, AS THE ADDRESS TO WHICH WE SHOULD SEND SUCH NOTICE) THAT THIS LETTER OF CREDIT WILL NOT BE EXTENDED BEYOND THE CURRENT EXPIRATION DATE. IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND JANUARY 30, 2029.

EXCEPT WHEN THE AMOUNT OF THIS LETTER OF CREDIT IS INCREASED, THIS LETTER OF CREDIT CANNOT BE MODIFIED OR REVOKED WITHOUT YOUR WRITTEN CONSENT.

THIS LETTER OF CREDIT IS TRANSFERABLE ONE OR MORE TIMES, BUT IN EACH INSTANCE ONLY TO A SINGLE BENEFICIARY AS TRANSFEREE AND ONLY UP TO THE THEN AVAILABLE AMOUNT, ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE WOULD BE IN COMPLIANCE WITH THEN APPLICABLE LAW AND REGULATION, INCLUDING BUT NOT LIMITED TO THE REGULATIONS OF THE U. S. DEPARTMENT OF TREASURY AND U. S. DEPARTMENT OF COMMERCE. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S), IF ANY, MUST BE SURRENDERED TO US AT OUR ADDRESS INDICATED IN THIS LETTER OF CREDIT TOGETHER WITH OUR TRANSFER FORM ATTACHED HERETO AS EXHIBIT "B" DULY EXECUTED. APPLICANT SHALL PAY OUR TRANSFER FEE OF ¼ OF 1% OF THE TRANSFER AMOUNT (MINIMUM US\$250.00) UNDER THIS LETTER OF CREDIT AND THE TRANSFER SHALL NOT BE CONTINGENT UPON THE PAYMENT OF SUCH TRANSFER FEE. EACH TRANSFER SHALL BE EVIDENCED BY OUR ENDORSEMENT ON THE REVERSE OF THE LETTER OF CREDIT AND WE SHALL FORWARD THE ORIGINAL OF THE LETTER OF CREDIT SO ENDORSED TO THE TRANSFEREE. ISSUING BANK EXPRESSLY CONSENTS TO ANY TRANSFERS MADE FROM TIME TO TIME IN COMPLIANCE WITH THIS PARAGRAPH.

DRAFT(S) AND DOCUMENTS MUST INDICATE THE NUMBER AND DATE OF THIS LETTER OF CREDIT.

ALL DEMANDS FOR PAYMENT SHALL BE MADE BY PRESENTATION (WHICH PRESENTATION MAY BE BY OVERNIGHT COURIER TO THE ADDRESS SPECIFIED HEREIN) OF THE REQUIRED DOCUMENTS ON A BUSINESS DAY AT OUR OFFICE (THE "BANK'S OFFICE") AT: SILICON VALLEY BANK, 3003 TASMAN DRIVE, SANTA CLARA, CA 95054, ATTENTION: STANDBY LETTER OF CREDIT NEGOTIATION SECTION. "BUSINESS DAY" MEANS A WEEKDAY EXCEPT A WEEKDAY WHEN COMMERCIAL BANKS IN CALIFORNIA ARE AUTHORIZED OR REQUIRED TO CLOSE. .

FACSIMILE PRESENTATIONS ARE PERMITTED. SHOULD BENEFICIARY WISH TO MAKE PRESENTATIONS UNDER THIS LETTER OF CREDIT ENTIRELY BY FACSIMILE TRANSMISSION IT NEED NOT TRANSMIT THIS LETTER OF CREDIT AND AMENDMENT(S), IF ANY. EACH FACSIMILE TRANSMISSION SHALL BE MADE AT: (408) 496-2418 OR (408) 969-6510; AND SIMULTANEOUSLY UNDER TELEPHONE ADVICE TO: (408) 450-5001 OR (408) 654-7176, ATTENTION: STANDBY LETTER OF CREDIT NEGOTIATION SECTION WITH ORIGINALS TO FOLLOW BY OVERNIGHT COURIER SERVICE, BUT NOT AS A CONDITION TO ITS EFFECTIVENESS; PROVIDED, HOWEVER, THE BANK WILL DETERMINE HONOR OR DISHONOR ON THE BASIS OF PRESENTATION BY FACSIMILE ALONE, AND WILL NOT EXAMINE THE ORIGINALS. IN ADDITION, ABSENCE OF THE AFORESAID TELEPHONE ADVICE SHALL NOT AFFECT OUR OBLIGATION TO HONOR ANY DRAW REQUEST.

WE HEREBY AGREE WITH THE BENEFICIARY THAT DRAFTS DRAWN UNDER AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED UPON PRESENTATION TO US, IRRESPECTIVE OF ANY CLAIM BY APPLICANT, ON OR BEFORE THE EXPIRATION DATE OF THIS LETTER OF CREDIT OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE. IF BENEFICIARY PRESENTS THE REQUIRED DOCUMENTS TO US ON OR BEFORE THE EXPIRATION DATE, THEN WE SHALL PAY UNDER THIS LETTER OF CREDIT AT OR BEFORE THE FOLLOWING TIME (THE "PAYMENT DEADLINE"): (A) IF PRESENTMENT IS MADE AT OR BEFORE NOON CALIFORNIA TIME OF ANY BUSINESS DAY, AND PROVIDED THAT SUCH REQUIRED DOCUMENTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY THE CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY; AND (B) OTHERWISE, THE CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY.

IF A DEMAND FOR PAYMENT MADE HEREUNDER DOES NOT, IN ANY INSTANCE, CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, WE SHALL GIVE YOU PROMPT NOTICE THAT THE DEMAND FOR PAYMENT DID NOT COMPLY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, STATING THE REASONS THEREFOR AND THAT THE BANK IS HOLDING THE DOCUMENTS AT YOUR DISPOSAL OR RETURN THE SAME TO YOU, AS THE BANK MAY ELECT. UPON BEING NOTIFIED THAT THE PURPORTED DEMAND WAS NOT EFFECTED IN CONFORMITY WITH THIS LETTER OF CREDIT, YOU MAY ATTEMPT TO CORRECT ANY SUCH NON-CONFORMING DEMAND FOR PAYMENT IF, AND TO THE EXTENT THAT YOU ARE ENTITLED AND ABLE TO DO SO.

IF ANY INSTRUCTIONS ACCOMPANYING A DRAWING UNDER THIS LETTER OF CREDIT REQUEST THAT PAYMENT IS TO BE MADE BY TRANSFER TO YOUR ACCOUNT WITH ANOTHER BANK, WE WILL ONLY EFFECT SUCH PAYMENT BY FED WIRE TO A U.S. REGULATED BANK, AND WE AND/OR SUCH OTHER BANK MAY RELY ON AN ACCOUNT NUMBER SPECIFIED IN SUCH INSTRUCTIONS EVEN IF THE NUMBER IDENTIFIES A PERSON OR ENTITY DIFFERENT FROM THE INTENDED PAYEE.

THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (ISP98), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 590.

SILICON VALLEY BANK,

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
AUTHORIZED SIGNATURE

**EXHIBIT "A"**

DATE: \_\_\_\_\_

REF. NO. \_\_\_\_\_

AT SIGHT OF THIS DRAFT

PAY TO THE ORDER OF \_\_\_\_\_ US\$ \_\_\_\_\_

US DOLLARS \_\_\_\_\_

DRAWN UNDER SILICON VALLEY BANK, SANTA CLARA, CALIFORNIA, STANDBY LETTER OF CREDIT NUMBER NO. \_\_\_\_\_

DATED \_\_\_\_\_

TO: SILICON VALLEY BANK  
3003 TASMAN DRIVE  
SANTA CLARA, CA 95054

\_\_\_\_\_  
(BENEFICIARY'S NAME)

\_\_\_\_\_  
**Authorized Signature**

**GUIDELINES TO PREPARE THE DRAFT**

1. DATE: ISSUANCE DATE OF DRAFT.
2. REF. NO.: BENEFICIARY'S REFERENCE NUMBER, IF ANY.
3. PAY TO THE ORDER OF: NAME OF BENEFICIARY AS INDICATED IN THE L/C (MAKE SURE BENEFICIARY ENDORSES IT ON THE REVERSE SIDE).
4. US\$: AMOUNT OF DRAWING IN FIGURES.
5. US DOLLARS: AMOUNT OF DRAWING IN WORDS.
6. LETTER OF CREDIT NUMBER: SILICON VALLEY BANK'S STANDBY L/C NUMBER THAT PERTAINS TO THE DRAWING.
7. DATED: ISSUANCE DATE OF THE STANDBY L/C.
8. BENEFICIARY'S NAME: NAME OF BENEFICIARY AS INDICATED IN THE L/C.
9. AUTHORIZED SIGNATURE: SIGNED BY AN AUTHORIZED SIGNER OF BENEFICIARY.

IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS DRAFT, PLEASE CALL OUR L/C PAYMENT SECTION AT 408-654-6274 OR 408-654-7716.

**EXHIBIT "B"  
TRANSFER FORM**

DATE: \_\_\_\_\_

TO: SILICON VALLEY BANK  
3003 TASMAN DRIVE  
SANTA CLARA, CA 95054  
ATTN:INTERNATIONAL DIVISION.  
STANDBY LETTERS OF CREDIT

RE: IRREVOCABLE STANDBY LETTER OF CREDIT  
NO. \_\_\_\_\_ ISSUED BY  
SILICON VALLEY BANK, SANTA CLARA  
L/C AMOUNT: \_\_\_\_\_

GENTLEMEN:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS TO:

\_\_\_\_\_  
(NAME OF TRANSFEREE)

\_\_\_\_\_  
(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT UP TO ITS AVAILABLE AMOUNT AS SHOWN ABOVE AS OF THE DATE OF THIS TRANSFER.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE. TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS, AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECTLY TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HERewith, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE THEREOF, AND FORWARD IT DIRECTLY TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.



SIGNATURE AUTHENTICATED

The names(s), title(s), and signature(s) conform to that/those on file with us for the company and the signature(s) is/are authorized to execute this instrument.

\_\_\_\_\_  
(Name of Bank)

\_\_\_\_\_  
(Address of Bank)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Print Authorized Name and Title)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(BENEFICIARY'S NAME)

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT E**

**RULES AND REGULATIONS**

NOTHING IN THESE RULES AND REGULATIONS (“RULES AND REGULATIONS”) SHALL SUPPLANT ANY PROVISION OF THE LEASE. IN THE EVENT OF A CONFLICT OR INCONSISTENCY BETWEEN THESE RULES AND REGULATIONS AND THE LEASE, THE LEASE SHALL PREVAIL.

1. No Tenant Party shall encumber or obstruct the common entrances, lobbies, elevators, sidewalks and stairways of the Building(s) or the Project or use them for any purposes other than ingress or egress to and from the Building(s) or the Project.
2. Except as specifically provided in the Lease, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside of the Premises or the Building(s) without Landlord’s prior written consent. Landlord shall have the right to remove, at Tenant’s sole cost and expense and without notice, any sign installed or displayed in violation of this rule.
3. If Landlord objects in writing to any curtains, blinds, shades, screens, hanging plants or other similar objects attached to or used in connection with any window or door of the Premises or placed on any windowsill, and (a) such window, door or windowsill is visible from the exterior of the Premises and (b) such curtain, blind, shade, screen, hanging plant or other object is not included in plans approved by Landlord, then Tenant shall promptly remove such curtains, blinds, shades, screens, hanging plants or other similar objects at its sole cost and expense.
4. Major deliveries requiring more than twenty (20) minutes shall be made no later than 8 a.m. and no earlier than 6 p.m. No deliveries shall be made that impede or interfere with other tenants in or the operation of the Project. Movement of furniture, office equipment or any other large or bulky material(s) through the Common Area shall be restricted to such hours as Landlord may designate and shall be subject to reasonable restrictions that Landlord may impose. A temporary loading permit is required for all temporary parking and such permit, which permit Landlord may provide in its sole and absolute discretion.
5. Tenant shall not use any method of HVAC other than present at the Project and serving the Premises as of the Execution Date unless consented to in writing in advance by Landlord.
6. Tenant shall not install any radio, television or other antennae; cell or other communications equipment; or other devices on the roof or exterior walls of the Premises except in accordance with the Lease. Tenant shall not interfere with radio, television or other digital or electronic communications at the Project or elsewhere.
7. Canvassing, peddling, soliciting and distributing handbills or any other written material within, on or around the Project (other than within the Premises) are prohibited. Tenant shall cooperate with Landlord to prevent such activities by any Tenant Party.

8. Tenant shall store all of its trash, garbage and Hazardous Materials in receptacles within its Premises or in receptacles designated by Landlord outside of the Premises. Tenant shall not place in any such receptacle any material that cannot be disposed of in the ordinary and customary manner of trash, garbage and Hazardous Materials disposal. Any Hazardous Materials transported through Common Area shall be held in secondary containment devices. Tenant shall be responsible, at its sole cost and expense, for Tenant's removal of its trash, garbage and Hazardous Materials. Tenant is encouraged to participate in the waste removal and recycling program that may be in place at the Project from time to time.
9. The Premises shall not be used for lodging or for any improper or immoral purpose. No cooking shall be done or permitted in the Premises; provided, however, that Tenant may use (a) equipment approved in accordance with the requirements of insurance policies that Landlord or Tenant is required to purchase and maintain pursuant to the Lease for brewing coffee, tea, hot chocolate and similar beverages, (b) microwave ovens for employees' use and (c) equipment shown on plans approved by Landlord; provided, further, that any such equipment and microwave ovens are used in accordance with Applicable Laws.
10. Tenant shall not, without Landlord's prior written consent, use the name of the Project, if any, in connection with or in promoting or advertising Tenant's business except as Tenant's address.
11. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any Governmental Authority.
12. Tenant assumes any and all responsibility for protecting the Premises from theft, robbery and pilferage, which responsibility includes keeping doors locked and other means of entry to the Premises closed.
13. Tenant shall not modify any locks to the Premises without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold, condition or delay. Tenant shall furnish Landlord with copies of keys, pass cards or similar devices for locks to the Premises.
14. Tenant shall cooperate and participate in all reasonable security programs affecting the Premises.
15. Tenant shall not permit any animals in the Project, other than for service animals or for use in laboratory experiments.
16. Bicycles shall not be taken into the Building(s) (including the elevators and stairways of the Building) except into areas designated by Landlord.
17. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be deposited therein.

18. Discharge of industrial sewage shall only be permitted if Tenant, at its sole expense, first obtains all necessary permits and licenses therefor from all applicable Governmental Authorities.
19. Smoking is prohibited at the Project., except in designated outdoor areas of the Project (if any).
20. The Project's hours of operation are currently 7:00 a.m.- 6:00 p.m., Monday through Friday. Tenant shall have access to the Premises 24/7/365.
21. Tenant shall comply with all orders, requirements and conditions now or hereafter imposed by Applicable Laws or Landlord ("Waste Regulations") regarding the collection, sorting, separation and recycling of waste products, garbage, refuse and trash generated by Tenant (collectively, "Waste Products"), including (without limitation) the separation of Waste Products into receptacles reasonably approved by Landlord and the removal of such receptacles in accordance with any collection schedules prescribed by Waste Regulations.
22. Tenant, at Tenant's sole cost and expense, shall cause the Premises to be exterminated on a monthly basis to Landlord's reasonable satisfaction and shall cause all portions of the Premises used for the storage, preparation, service or consumption of food or beverages to be cleaned daily in a manner reasonably satisfactory to Landlord, and to be treated against infestation by insects, rodents and other vermin and pests whenever there is evidence of any infestation. Tenant shall not permit any person to enter the Premises or the Project for the purpose of providing such extermination services, unless such persons have been approved by Landlord. If requested by Landlord, Tenant shall, at Tenant's sole cost and expense, store any refuse generated in the Premises by the consumption of food or beverages in a cold box or similar facility.
23. If Tenant desires to use any portion of the Common Area for a Tenant-related event, Tenant must notify Landlord in writing at least thirty (30) days prior to such event on the form attached as Attachment 1 to this Exhibit, which use shall be subject to Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed. Notwithstanding anything in this Lease or the completed and executed Attachment to the contrary, Tenant shall be solely responsible for setting up and taking down any equipment or other materials required for the event, and shall promptly pick up any litter and report any property damage to Landlord related to the event. Any use of the Common Area pursuant to this Section shall be subject to the provisions of Article 28 of the Lease.

Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Project, including Tenant. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms covenants, agreements and conditions of the Lease. Landlord reserves the right to make such other and reasonable additional rules and regulations as, in its judgment, may from time to time be needed for safety and security, the care and cleanliness of the Project, or the preservation of good order therein; provided, however, that Tenant shall not be obligated to adhere to such additional rules or

regulations until Landlord has provided Tenant with thirty (30) days prior written notice thereof and such new rules shall not materially increase Tenant's Lease obligations or materially reduce Tenant's Lease rights. Tenant agrees to abide by these Rules and Regulations and any such additional rules and regulations properly issued or adopted by Landlord. Tenant shall be responsible for the observance of these Rules and Regulations by all Tenant Parties.

**ATTACHMENT 1 TO EXHIBIT E**

**REQUEST FOR USE OF COMMON AREA**

**REQUEST FOR USE OF COMMON AREA**

Date of Request: \_\_\_\_\_

Landlord/Owner: \_\_\_\_\_

Tenant/Requestor: \_\_\_\_\_

Property Location: \_\_\_\_\_

Event Description: \_\_\_\_\_

\_\_\_\_\_

Proposed Plan for Security & Cleaning: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date of Event: \_\_\_\_\_

Hours of Event: (to include set-up and take down): \_\_\_\_\_

Location at Property (see attached map): \_\_\_\_\_

Number of Attendees: \_\_\_\_\_

Open to the Public?  YES  NO

Food and/or Beverages?  YES  NO

If YES:

• Will food be prepared on site?  YES  NO

• Please describe: \_\_\_\_\_

• Will alcohol be served?  YES  NO

• Please describe: \_\_\_\_\_

• Will attendees be charged for alcohol?  YES  NO

- Is alcohol license or permit required?  YES  NO
- Does caterer have alcohol license or permit:  YES  NO  N/A

Other Amenities (tent, booths, band, food trucks, bounce house, etc.): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other Event Details or Special Circumstances: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned certifies that the foregoing is true, accurate and complete and he/she is duly authorized to sign and submit this request on behalf of the Tenant/Requestor named above.

[INSERT NAME OF TENANT/REQUESTOR]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

---

**EXHIBIT F**

**TENANT'S PROPERTY**

Tenant owned personal property, stock, inventory, furniture, furnishings and equipment not affixed to, or built into, the Premises.

Signage bearing Tenant's name, trade-name or logo.

Tenant trade fixtures that are proprietary in nature.



EXHIBIT G

**FORM OF ESTOPPEL CERTIFICATE**

To: BMR-500 FAIRVIEW AVENUE LLC  
17190 Bernardo Center Drive  
San Diego, California 92128  
Attention: Legal Department

BioMed Realty, L.P.  
17190 Bernardo Center Drive  
San Diego, California 92128

Re: Certain space on the 2nd and 5th floor (the "Premises") at 500 Fairview Avenue North, Seattle, Washington (the "Property")

As of the day of \_\_\_\_\_, 20\_\_\_\_ ("Tenant") hereby certifies to you as follows:

1. Tenant is a tenant at the Property under a lease (the "Lease") for the Premises dated as of November 21, 2018. The Lease has not been cancelled, modified, assigned, extended or amended [except as follows: [\_\_\_\_\_] ], and there are no other agreements, written or oral, affecting or relating to Tenant's lease of the Premises or any other space at the Property other than \_\_\_\_\_. Unless extended per the terms of the Lease, the lease term expires on [\_\_\_\_\_] , 20[\_\_\_\_\_] .
2. Tenant took delivery and possession of the Premises, currently consisting of approximately [\_\_\_\_\_] square feet, on [\_\_\_\_\_] , 20[\_\_\_\_\_] , and commenced to pay rent on [\_\_\_\_\_] , 20[\_\_\_\_\_] . Tenant has full possession of the Premises, has not assigned the Lease or sublet any part of the Premises, and does not hold the Premises under an assignment or sublease[, except as follows: [\_\_\_\_\_] ].
3. All base rent, rent escalations and additional rent under the Lease have been paid through [\_\_\_\_\_] , 20[\_\_\_\_\_] . There is no prepaid rent[, except \$[\_\_\_\_\_] ], and the amount of security deposit is \$[\_\_\_\_\_] [in cash][OR][in the form of a letter of credit]. Tenant has also posted/delivered a Restoration Deposit in the amount of \_\_\_\_\_ in the [cash] or [LOC] As of the date of this Estoppel, Tenant is not entitled to any rent abatement under the Lease.
4. Base rent is currently payable in the amount of \$[\_\_\_\_\_] per month.
5. Tenant is currently paying estimated payments of additional rent of \$[\_\_\_\_\_] per month on account of real estate taxes, insurance, management fees and Common Area maintenance expenses.
6. All work to be performed for Tenant under the Lease has been performed as required under the Lease and has been accepted by Tenant[, except [\_\_\_\_\_] ], and all allowances to be paid to Tenant, including allowances for tenant improvements, moving expenses or other items, have been paid, except [\_\_\_\_\_] ].

7. The Lease is in full force and effect, Tenant has neither sent nor received a notice of breach or default that has not been cured, Tenant is not aware of any existing default or of any event that with the giving of notice and passage of time could become a default under the Lease, and Tenant has no known claims against the landlord or offsets or defenses against rent, and there are no disputes with the landlord, except [ ]. Tenant has received no notice of prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents payable thereunder[, except [ ]].

8. Tenant has no rights or options to purchase the Property.

9. To Tenant's knowledge, no hazardous wastes have been generated, treated, stored or disposed of by or on behalf of Tenant in, on or around the Premises or the Project in violation of any environmental laws.

10. The undersigned has executed this Estoppel Certificate with the knowledge and understanding that [INSERT NAME OF LANDLORD, PURCHASER OR LENDER, AS APPROPRIATE] or its assignee is [acquiring the Property/making a loan secured by the Property] in reliance on this certificate and that the undersigned shall be bound by this certificate. The statements contained herein may be relied upon by [INSERT NAME OF PURCHASER OR LENDER, AS APPROPRIATE], BMR-500 Fairview Avenue LLC, BioMed Realty, L.P., BRE Edison L.P., and any [other] mortgagee of the Property and their respective successors and assigns.

Any capitalized terms not defined herein shall have the respective meanings given in the Lease.

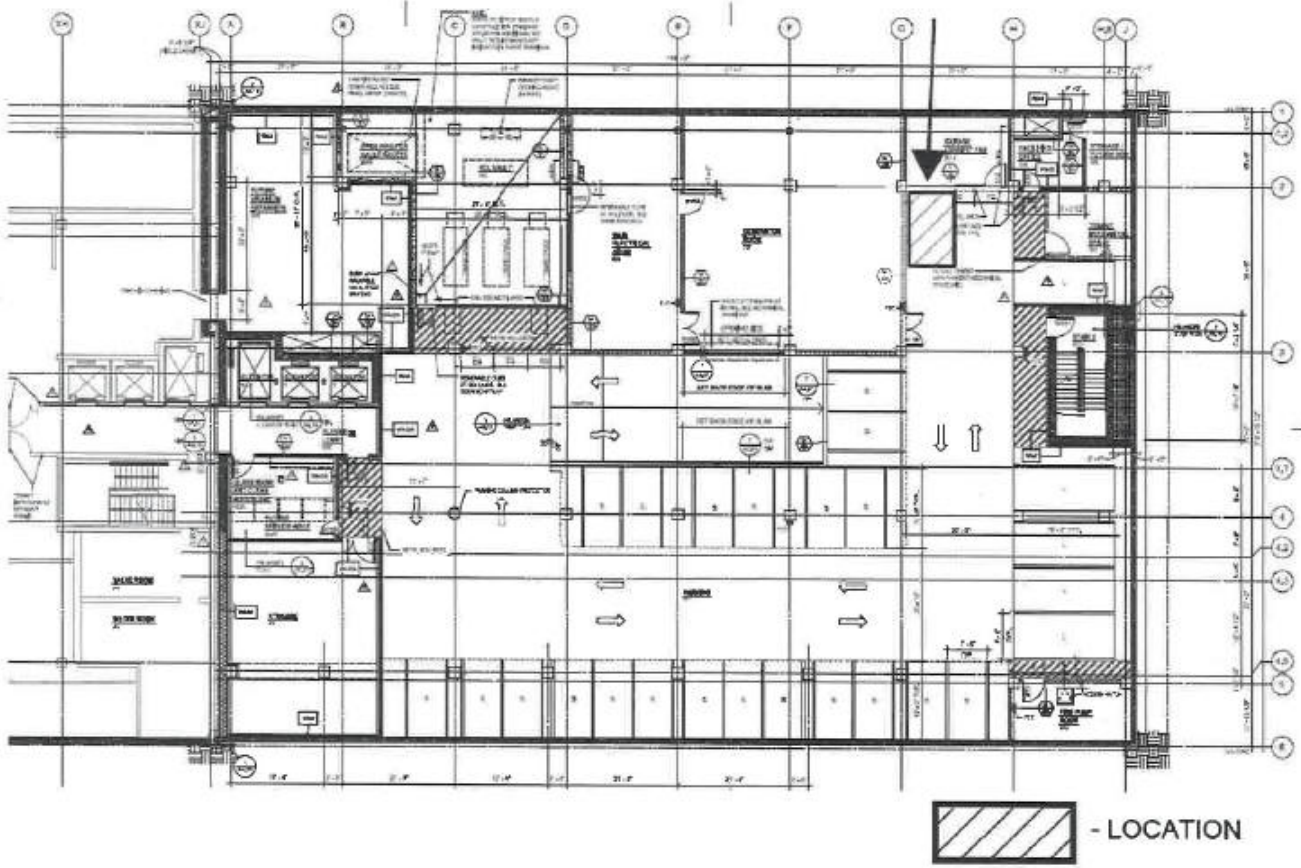
Dated this [ ] day of [ ], 20[ ].

LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT H**

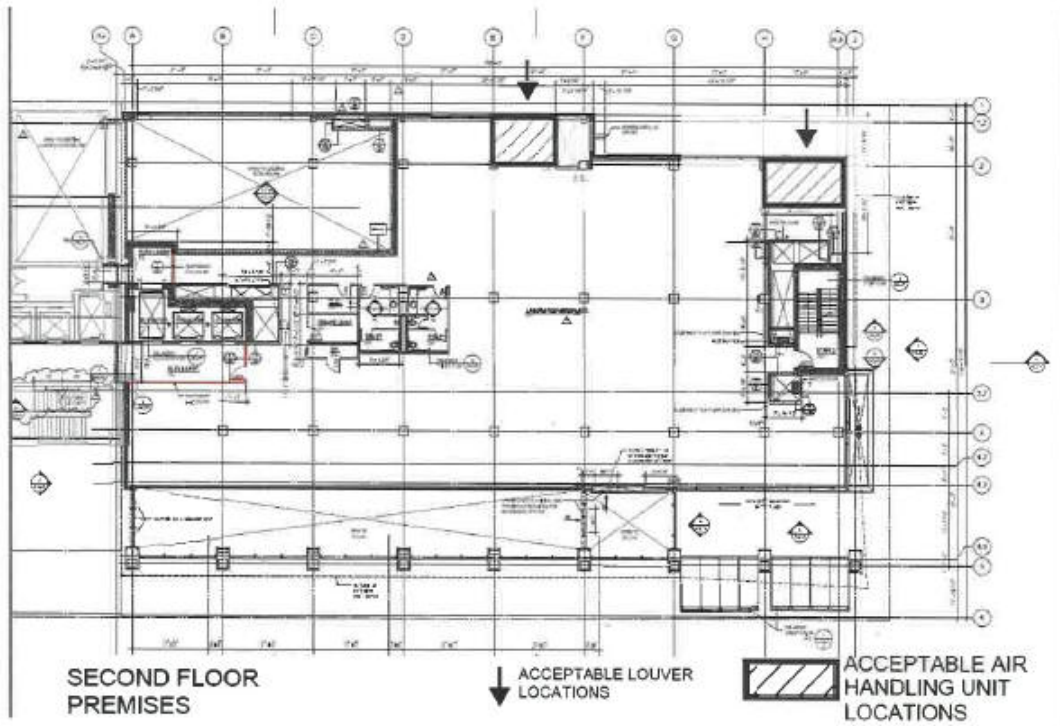
**TENANT STANDBY GENERATOR LOCATION**



H-1

**EXHIBIT I**

**TENANT AIR HANDLER LOCATION**



## FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is entered into as of this 26<sup>th</sup> day of February, 2020, by and between BMR-500 FAIRVIEW AVENUE LLC, a Delaware limited liability company ("Landlord"), and LYELL IMMUNOPHARMA, INC., a Delaware corporation ("Tenant").

### RECITALS

A. WHEREAS, Landlord and Tenant are parties to that certain Lease dated as of November 27, 2018 (as the same may have been amended, supplemented or modified from time to time, the "Existing Lease"), whereby Tenant leases certain premises (the "Premises") from Landlord at 500 Fairview Avenue North in Seattle, Washington (the "Building");

B. WHEREAS, Tenant has elected to waive any ability that Tenant may have under the Existing Lease to construct a Pilot Plant (as defined below) within the Premises;

C. WHEREAS, in consideration for such waiver by Tenant, Landlord is willing to forego the Restoration Deposit (as defined in the Existing Lease); and

D. WHEREAS, Landlord and Tenant desire to modify and amend the Existing Lease only in the respects and on the conditions hereinafter stated.

### AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing Lease unless otherwise defined herein. The Existing Lease, as amended by this Amendment, is referred to collectively herein as the "Lease." From and after the date hereof, the term "Lease," as used in the Existing Lease, shall mean the Existing Lease, as amended by this Amendment.
2. Restoration Deposit. Notwithstanding anything to the contrary in the Existing Lease, Section 11.7 of the Existing Lease (and all references to the Restoration Deposit throughout the Existing Lease) are hereby deleted from the Existing Lease in their entirety. Upon Tenant's written request, Landlord shall return to Tenant the Restoration Deposit Letter of Credit.
3. Restrictions on Tenant Improvements and Alterations. Notwithstanding anything to the contrary in the Existing Lease, Tenant hereby agrees that (a) Tenant shall not be permitted to construct, or cause to be constructed, a pilot plant or any similar facility (collectively, a "Pilot Plant") within the Premises whether as part of the Tenant Improvements or as an Alteration, (b) any request by Tenant to construct a Pilot Plant within the Premises (whether as part of the

Tenant Improvements or as an Alteration) shall be subject to Landlord's approval in Landlord's sole and absolute discretion, and (c) in the event that Landlord approves any request by Tenant to construct a Pilot Plant within the Premises, Landlord shall be permitted to condition such approval on the reinstatement of the Restoration Deposit (provided that the amount of such reinstated Restoration Deposit shall be determined by Landlord in Landlord's sole and absolute discretion).

4. TI Deadline. The definition of "TI Deadline" set forth in Section 4.6 of the Existing Lease is hereby modified by replacing the term "July 31, 2020" with the term "October 31, 2020."

5. Broker. Tenant represents and warrants that it has not dealt with any broker or agent in the negotiation for or the obtaining of this Amendment and agrees to reimburse, indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord, at Tenant's sole cost and expense) and hold harmless the Landlord Indemnitees for, from and against any and all cost or liability for compensation claimed by any such broker or agent employed or engaged by it or claiming to have been employed or engaged by it.

6. No Default. Tenant represents, warrants and covenants that, to the best of Tenant's knowledge, Landlord and Tenant are not in default of any of their respective obligations under the Existing Lease and no event has occurred that, with the passage of time or the giving of notice (or both) would constitute a default by either Landlord or Tenant thereunder.

7. Notices. Tenant confirms that, notwithstanding anything in the Lease to the contrary, notices delivered to Tenant pursuant to the Lease should be sent to:

LYELL IMMUNOPHARMA, INC.  
500 Fairview Avenue North, Suite 5000  
98109 Seattle, WA  
Attn: Jan Beck, Head of R&D Operations

With required copy to:

LYELL IMMUNOPHARMA, INC.  
400 E. Jamie Court, Suite 301  
South San Francisco, CA 94080  
Attn: David West, Sr. Director – Strategic  
Transactions

With a required copy to:

Cairncross & Hempelmann  
542 Second Ave, Suite 500  
Seattle, WA 98104  
Attn: Ryan McFarland

8. Effect of Amendment. Except as modified by this Amendment, the Existing Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing Lease, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

9. Successors and Assigns. Each of the covenants, conditions and agreements contained in this Amendment shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns and sublessees. Nothing in this section shall in any way alter the provisions of the Lease restricting assignment or subletting.

10. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Landlord and Tenant. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof. All exhibits hereto are incorporated herein by reference. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease, lease amendment or otherwise until execution by and delivery to both Landlord and Tenant.

11. Authority. Tenant guarantees, warrants and represents that the individual or individuals signing this Amendment on behalf of Tenant have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed. Landlord guarantees, warrants and represents that the individual or individuals signing this Amendment on behalf of Landlord have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

12. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

**LANDLORD:**

BMR-500 FAIRVIEW AVENUE LLC,  
a Delaware limited liability company

By: /s/ Marie Lewis  
Name: Marie Lewis  
Title: SVP, Legal & Assistant Secretary

**TENANT:**

LYELL IMMUNOPHARMA, INC.,  
a Delaware corporation

By: /s/ Jan Beck  
Name: Jan Beck  
Title: Head R&D Operations



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }  
                                  }  
County of San Diego }

On February 28, 2020 before me, Serina E. Roth, Notary Public, personally appeared \*Marie Lewis\*\*, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

/s/ Serina E. Roth (Notary Seal)  
Signature of Notary Public

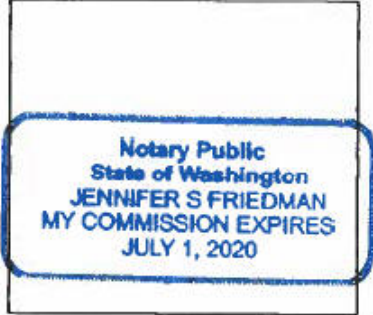


TENANT ACKNOWLEDGMENTS

STATE OF Washington )  
  ) ss.  
COUNTY OF King        )

On this 26<sup>th</sup> day of February, 2020, before me personally appeared Jan Beck, to me known to be the Head of R&D Operations of LYELL IMMUNOPHARMA, INC., a Delaware corporation, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.



/s/ Jennifer S. Friedman  
(Signature of officer)  
Notary Public in and for the State of  
Washington, residing at Kirkland, WA  
My commission expires: 07/01/2020

(Use this space for notarial stamp/seal)

## LEASE AGREEMENT

THIS LEASE AGREEMENT (this “**Lease**”) is made this 15 day of August, 2019, between **ARE-SAN FRANCISCO NO. 65, LLC**, a Delaware limited liability company (“**Landlord**”), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation (“**Tenant**”).

- Building:** That certain to-be-constructed 3-story building to be known as 201 Haskins Way, South San Francisco, California
- Premises:** The entire Building, containing approximately 105,000 rentable square feet, as shown on **Exhibit A**, subject to adjustment pursuant to Section 5.
- Project:** The real property on which the Building in which the Premises are located, together with all improvements thereon and appurtenances thereto as described on **Exhibit B**.
- Base Rent:** \$5.50 per rentable square foot of the Premises per month, subject to adjustment pursuant to Section 4 hereof.
- Rentable Area of Premises:** 105,000 sq. ft., subject to adjustment pursuant to Section 5.
- Rentable Area of Building:** 105,000 sq. ft., subject to adjustment pursuant to Section 5.
- Rentable Area of Project:** 315,000 sq. ft., subject to adjustment pursuant to Section 5.
- Building’s Share of Operating Expenses of Project:** 33.33%, subject to adjustment pursuant to Section 5.
- Tenant’s Share of Operating Expenses of Building:** 100%
- Security Deposit:** None
- Target Commencement Date:** February 1, 2020
- Rent Adjustment Percentage:** 3%
- Base Term:** Beginning on the Commencement Date (as defined in Section 2) and ending 120 months from the first day of the first full month following the Rent Commencement Date. For clarity, if the Rent Commencement Date occurs on the first day of a month, the Base Term shall be measured from that date. If the Rent Commencement Date occurs on a day other than the first day of a month, the Base Term shall be measured from the first day of the following month.
- Permitted Use:** Research and development laboratory, related office and other related uses consistent with the character of the Project and otherwise in compliance with the provisions of Section 7 hereof.

**Address for Rent Payment:**

P.O. Box 975383  
Dallas, TX 75397-5383

**Landlord’s Notice Address before September 1, 2019:**

385 E. Colorado Boulevard, Suite 299  
Pasadena, CA 91101  
Attention: Corporate Secretary

**Landlord’s Notice Address on or after September 1, 2019:**

26 North Euclid Avenue  
Pasadena, CA 91101  
Attention: Corporate Secretary



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

### Tenant's Notice Address

#### Prior to Rent Commencement Date:

400 East Jamie Court, Suite 301  
South San Francisco, California  
Attention: Lease Administrator

### Tenant's Notice Address

#### Following Rent Commencement Date:

201 Haskins Way  
South San Francisco, California 94080  
Attention: Lease Administrator

The following Exhibits and Addenda are attached hereto and incorporated herein by this reference:

- EXHIBIT A** - PREMISES DESCRIPTION
- EXHIBIT C** - WORK LETTER
- EXHIBIT E** - RULES AND REGULATIONS

- EXHIBIT B** - DESCRIPTION OF PROJECT
- EXHIBIT D** - COMMENCEMENT DATE
- EXHIBIT F** - TENANT'S PERSONAL PROPERTY

1. **Lease of Premises.** Upon and subject to all of the terms and conditions hereof, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord. The portions of the Project which are for the non-exclusive use of tenants of the Project are collectively referred to herein as the "**Common Areas**." The Common Areas available at the Project shall include (a) a gym/fitness center with cardio and weight work-out equipment, (b) men's and women's locker rooms adjoining the gym/fitness center, (c) a minimum of 2 small conference and 3 large conference rooms (which 3 large conference rooms may be combined via operating walls into 1 large meeting room with an adjoining "pre-function" area and roof deck), (d) a cafe operating by a third party operator with dining area and seating, (e) outdoor seating area with fire pit, and (f) secure bike storage area (collectively, the "**Project Common Amenities**"). Tenant shall have the non-exclusive right during the Term to use the Common Areas along with others having the right to use the Common Areas, including the Project Common Amenities. Landlord reserves the right to modify Common Areas including, the Project Common Amenities, provided that such modifications do not materially adversely affect Tenant's access to or use of the Premises for the Permitted Use, and provided further that such changes do not result in the discontinuance of the Project Common Amenities other than on a temporary basis while work is being performed in the Common Areas. From and after the Commencement Date through the expiration of the Term, Tenant shall have access to the Building and the Premises 24 hours a day, 7 days a week, except in the case of emergencies, as the result of Legal Requirements, the performance by Landlord of any installation, maintenance or repairs, or any other temporary interruptions, and otherwise subject to the terms of this Lease.

2. **Delivery; Acceptance of Premises; Commencement Date.** Landlord shall use reasonable efforts to deliver the Premises ("**Delivery**" or "**Deliver**") for Tenant's construction of the Tenant Improvements pursuant to the Work Letter in Tenant Improvement Work Readiness Condition on or before the Target Commencement Date. If Landlord fails to timely Deliver the Premises, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and this Lease shall not be void or voidable except as provided herein. Notwithstanding anything to the contrary contained herein, if Landlord fails to Deliver the Premises to Tenant by the date that is 150 days after the Target Commencement Date (as such date may be extended for Force Majeure delays and delays caused by Tenant, the "**Abatement Date**"), then Base Rent shall be abated 1 day for each day from and including the Abatement Date that Landlord fails to Deliver the Premises to Tenant. If Landlord does not Deliver the Premises within 210 days of the Target Commencement Date for any reason other than Force Majeure delays and delays caused by Tenant, this Lease may be terminated by Tenant by written notice to Landlord, and if so terminated by Tenant, neither Landlord nor Tenant shall have any further rights, duties or obligations under this Lease, except with respect to provisions which expressly survive termination of this Lease. As used herein, the terms "**Tenant Improvements**" and "**Tenant Improvement Work Readiness Condition**" shall have the meanings set forth for such terms in the Work Letter. If Tenant does not elect to void this Lease within 10 business days of the lapse of such 210 day period, such right to void this Lease shall be waived and this Lease shall remain in full force and effect.

The "**Commencement Date**" shall be the date that Landlord Delivers the Premises to Tenant in Tenant Improvement Work Readiness Condition. The "**Rent Commencement Date**" shall be the earlier to occur of (i) the date that is 12 months after the Commencement Date, or (ii) the date that the Tenant



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

Improvements are Substantially Completed (as defined in the Work Letter). Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Commencement Date, the Rent Commencement Date and the expiration date of the Term when such are established in the form of the "Acknowledgement of Commencement Date" attached to this Lease as **Exhibit D**; provided, however, Tenant's failure to execute and deliver such acknowledgment shall not affect Landlord's rights hereunder and Landlord's failure to execute and deliver such acknowledgment shall not affect Tenant's rights hereunder. The "**Term**" of this Lease shall be the Base Term, as defined above on the first page of this Lease and the Extension Term which Tenant may elect pursuant to Section 39 hereof.

Except as set forth in the Work Letter: (i) Tenant shall accept the Premises in their condition as of the Commencement Date; (ii) Landlord shall have no obligation for any defects in the Premises; and (iii) Tenant's taking possession of the Premises shall be conclusive evidence that Tenant accepts the Premises and that the Premises were in good condition at the time possession was taken. Any occupancy of the Premises by Tenant before the Commencement Date shall be subject to all of the terms and conditions of this Lease, excluding the obligation to pay Base Rent and Operating Expenses.

Tenant agrees and acknowledges that, except as otherwise expressly set forth herein, neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises or the Project, and/or the suitability of the Premises or the Project for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises or the Project are suitable for the Permitted Use. This Lease constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes any and all prior representations, inducements, promises, agreements, understandings and negotiations which are not contained herein. Landlord in executing this Lease does so in reliance upon Tenant's representations, warranties, acknowledgments and agreements contained herein.

### 3. Rent.

(a) **Base Rent.** Base Rent for the month in which the Rent Commencement Date occurs shall be due and payable on delivery of an executed copy of this Lease to Landlord. Tenant shall pay to Landlord in advance, without demand, abatement, deduction or set-off, monthly installments of Base Rent on or before the first day of each calendar month during the Term hereof after the Rent Commencement Date, in lawful money of the United States of America, at the office of Landlord for payment of Rent set forth above, via federally insured wire transfer (including ACH) pursuant to the wire instructions provided by Landlord, or to such other person or at such other place as Landlord may from time to time designate in writing. Payments of Base Rent for any fractional calendar month shall be prorated. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Tenant shall have no right at any time to abate, reduce, or set-off any Rent (as defined in Section 5) due hereunder except for any abatement as may be expressly provided in this Lease.

Notwithstanding anything to the contrary contained in this Lease, so long as no event of Default has occurred and is continuing under this Lease, Base Rent shall be abated for the period commencing on the Rent Commencement Date through the last day of the 3<sup>rd</sup> month following the Rent Commencement Date (the "**Abatement Period**"). For clarity, if the Rent Commencement Date occurs on the first day of a month, the Abatement Period shall be measured from that date. If the Rent Commencement Date occurs on a day other than the first day of a month, the Abatement Period shall be measured from the first day of the following month. Tenant shall commence paying full Base Rent on the day immediately following the expiration of the Abatement Period.

(b) **Additional Rent.** In addition to Base Rent, Tenant agrees to pay to Landlord as additional rent ("**Additional Rent**"): (i) commencing on the Rent Commencement Date, Tenant's Share of "Operating Expenses" (as defined in Section 5), and (ii) any and all other amounts Tenant assumes or agrees to pay under the provisions of this Lease, including, without limitation, any and all other sums that may become due by reason of any default of Tenant or failure to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after any applicable notice and cure period.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

4. **Base Rent Adjustments.**

(a) **Annual Adjustments.** Base Rent shall be increased on each annual anniversary of the Rent Commencement Date (each an “**Adjustment Date**”) by multiplying the Base Rent payable immediately before such Adjustment Date by the Rent Adjustment Percentage and adding the resulting amount to the Base Rent payable immediately before such Adjustment Date. Base Rent, as so adjusted, shall thereafter be due as provided herein. Base Rent adjustments for any fractional calendar month shall be prorated.

(b) **Additional TI Allowance.** In addition to the Tenant Improvement Allowance (as defined in the Work Letter), Landlord shall, subject to the terms of the Work Letter, make available to Tenant the Additional Tenant Improvement Allowance (as defined in the Work Letter). Commencing on the Rent Commencement Date and continuing thereafter on the first day of each month during the Base Term, Tenant shall pay the amount necessary to fully amortize the portion of the Additional Tenant Improvement Allowance actually funded by Landlord, if any, in equal monthly payments with interest at a rate of 8% per annum over the Base Term, which interest shall begin to accrue on the date that Landlord first disburses such Additional Tenant Improvement Allowance or any portion(s) thereof (“**TI Rent**”). Any TI Rent (including applicable interest) remaining unpaid as of the expiration or earlier termination of the Lease shall be paid to Landlord in a lump sum at the expiration or earlier termination of this Lease.

5. **Operating Expense Payments.** Landlord shall deliver to Tenant a written estimate of Operating Expenses for each calendar year during the Term (the “**Annual Estimate**”), which may be revised by Landlord from time to time during such calendar year. Commencing on the Rent Commencement Date, and continuing thereafter on the first day of each month during the Term, Tenant shall pay Landlord an amount equal to 1/12th of Tenant’s Share of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

The term “**Operating Expenses**” means all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord with respect to the Building (including the Building’s Share of all costs and expenses of any kind or description incurred or accrued by Landlord with respect to the Project which are not specific to the Building or any other building located in the Project (including, without duplication, (v) Taxes (as defined in Section 9), (w) capital repairs, improvements and replacements amortized over the lesser of 10 years or the useful life of such capital items (except for capital repairs, replacements and improvements to the roof, which shall be amortized over 15 years), adjusted to reflect Building operations 24 hours per day, 7 days per week and 365 days per year (provided that those Operating Expenses incurred or accrued by Landlord with respect to any capital repairs, replacements or improvements which are for the intended purpose of promoting sustainability (for example, without limitation, by reducing energy usage at the Project) (a “**Capital Sustainability Expenditure**”) may be amortized over a shorter period, at Landlord’s discretion, to the extent the cost of a Capital Sustainability Expenditure is offset by a reduction in Operating Expenses), (x) the cost (including, without limitation, any subsidies which Landlord may provide in connection with the Project Common Amenities) of the Project Common Amenities now or hereafter located at the Project, (y) costs related to any parking structure or parking areas serving the Project and costs for transportation services (including costs associated with Landlord’s operation of or participation in a shuttle service), and (z) and the costs of Landlord’s third party property manager or, if there is no third party property manager, administration rent in the amount of 3% of Base Rent) (provided that during the Abatement Period, Tenant shall nonetheless be required to pay administration rent each month equal to the amount of the administration rent that Tenant would have been required to pay in the absence of there being an Abatement Period)), excluding only:

(a) the original construction costs of the Project and renovation prior to the date of the Lease and costs of correcting defects in such original construction or renovation;



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

- (b) capital expenditures for expansion of the Project;
- (c) interest, principal payments of Mortgage (as defined in Section 27) debts of Landlord, financing costs and amortization of funds borrowed by Landlord, whether secured or unsecured;
- (d) depreciation of the Project (except for capital improvements, the cost of which are includable in Operating Expenses);
- (e) advertising, legal and space planning expenses and leasing commissions and other costs and expenses incurred in procuring and leasing space to tenants for the Project, including any leasing office maintained in the Project, free rent and construction allowances for tenants;
- (f) legal and other expenses incurred in the negotiation or enforcement of leases;
- (g) completing, fixturing, improving, renovating, painting, redecorating or other work, which Landlord pays for or performs for other tenants within their premises, and costs of correcting defects in such work;
- (h) costs to be reimbursed by other tenants of the Project or Taxes to be paid directly by Tenant or other tenants of the Project, whether or not actually paid;
- (i) salaries, wages, benefits and other compensation paid to officers and employees of Landlord who are not assigned in whole or in part to the operation, management, maintenance or repair of the Project;
- (j) general organizational, administrative and overhead costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, including general corporate, legal and accounting expenses;
- (k) costs (including attorneys' fees and costs of settlement, judgments and payments in lieu thereof) incurred in connection with disputes with tenants, other occupants, or prospective tenants, and costs and expenses, including legal fees, incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Building;
- (l) costs incurred by Landlord due to the violation by Landlord, its employees, agents or contractors or any tenant of the terms and conditions of any lease of space in the Project or any Legal Requirement (as defined in Section 7);
- (m) penalties, fines or interest incurred as a result of Landlord's inability or failure to make payment of Taxes and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of Taxes required to be made by Landlord hereunder before delinquency;
- (n) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Project to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;
- (o) costs of Landlord's charitable or political contributions, or of fine art maintained at the Project;
- (p) costs in connection with services (including electricity), items or other benefits of a type which are not standard for the Project and which are not available to Tenant without specific charges therefor, but which are provided to another tenant or occupant of the Project, whether or not such other tenant or occupant is specifically charged therefor by Landlord;
- (q) costs incurred in the sale or refinancing of the Project;



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

- (r) net income taxes of Landlord or the owner of any interest in the Project, franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Project or any portion thereof or interest therein;
- (s) any costs incurred to remove, study, test or remediate Hazardous Materials in or about the Building or the Project for which Tenant is not responsible under this Lease;
- (t) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by insurance policies required to be maintained by Landlord in accordance with Section 17;
- (u) reserves (other than de minimus amounts);
- (v) costs arising from the gross negligence or willful misconduct of Landlord; and
- (w) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by persons other than tenants of the Project under leases for space in the Project.

Within 90 days after the end of each calendar year (or such longer period as may be reasonably required), Landlord shall furnish to Tenant a statement (an “**Annual Statement**”) showing in reasonable detail: (a) the total and Tenant’s Share of actual Operating Expenses for the previous calendar year, and (b) the total of Tenant’s payments in respect of Operating Expenses for such year. If Tenant’s Share of actual Operating Expenses for such year exceeds Tenant’s payments of Operating Expenses for such year, the excess shall be due and payable by Tenant as Rent within 30 days after delivery of such Annual Statement to Tenant. If Tenant’s payments of Operating Expenses for such year exceed Tenant’s Share of actual Operating Expenses for such year Landlord shall pay the excess to Tenant within 30 days after delivery of such Annual Statement, except that after the expiration, or earlier termination of the Term or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. Landlord’s and Tenant’s obligations to pay any overpayments or deficiencies due pursuant to this paragraph shall survive the expiration or earlier termination of this Lease.

The Annual Statement shall be final and binding upon Tenant unless Tenant, within 90 days after Tenant’s receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reason therefor. If, during such 90 day period, Tenant reasonably and in good faith questions or contests the accuracy of Landlord’s statement of Tenant’s Share of Operating Expenses, Landlord will provide Tenant with access to Landlord’s books and records relating to the operation of the Project and such information as Landlord reasonably determines to be responsive to Tenant’s questions (the “**Expense Information**”). If after Tenant’s review of such Expense Information, Landlord and Tenant cannot agree upon the amount of Tenant’s Share of Operating Expenses, then Tenant shall have the right to have a regionally or nationally recognized independent public accounting firm selected by Tenant and approved by Landlord (which approval shall not be unreasonably withheld or delayed), working pursuant to a fee arrangement other than a contingent fee (at Tenant’s sole cost and expense), audit and/or review the Expense Information for the year in question (the “**Independent Review**”). The results of any such Independent Review shall be binding on Landlord and Tenant. If the Independent Review shows that the payments actually made by Tenant with respect to Operating Expenses for the calendar year in question exceeded Tenant’s Share of Operating Expenses for such calendar year, Landlord shall at Landlord’s option either (i) credit the excess amount to the next succeeding installments of estimated Operating Expenses or (ii) pay the excess to Tenant within 30 days after delivery of such statement, except that after the expiration or earlier termination of this Lease or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. If the Independent Review shows that Tenant’s payments with respect to Operating Expenses for such calendar year were less than Tenant’s Share of Operating Expenses for the calendar year, Tenant shall pay the deficiency to Landlord within 30 days after delivery of such statement. If the Independent Review shows that Tenant has overpaid with respect to Operating Expenses by more than 5% then Landlord shall reimburse Tenant for all costs incurred by Tenant for the Independent Review. Operating Expenses for the calendar years in which Tenant’s obligation to share therein begins and ends shall be prorated.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



“**Tenant’s Share**” shall be the percentage set forth on the first page of this Lease as Tenant’s Share as reasonably adjusted by Landlord for changes in the physical size of the Premises or the Project occurring thereafter. Landlord shall, prior to the Rent Commencement Date, cause the rentable square footage of the Premises, the Building and/or the Project to be re-measured by Stevenson Systems in accordance with the Building Owners and Managers Association (ANSI/BOMA Z65.1-2017). If the actual rentable square footage of the Premises, the Building or the Project deviates from the amount specified in the definitions of “**Premises**,” “**Rentable Area of Premises**,” “**Rentable Area of Building**” or “**Rentable Area of Project**” on page 1 of this Lease, then, promptly following such measurement, this Lease shall be amended so as to (i) reflect the actual rentable square footage thereof in the definitions of “**Premises**,” “**Rentable Area of Premises**” and “**Rentable Area of Project**,” and (ii) appropriately adjust the amount set forth in the definition of “**Tenant’s Share of Operating Expenses of Building**” and “**Building’s Share of Operating Expenses of Project**” which were calculated based on the rentable square footages of the Premises, Building and Project originally set forth on page 1. If Landlord has a reasonable basis for doing so, Landlord may equitably increase Tenant’s Share for any item of expense or cost reimbursable by Tenant that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Project that includes the Premises or that varies with occupancy or use. Base Rent, Tenant’s Share of Operating Expenses and all other amounts payable by Tenant to Landlord hereunder are collectively referred to herein as “**Rent**.”

6. **Intentionally Omitted.**

7. **Use.** The Premises shall be used solely for the Permitted Use set forth in the basic lease provisions on page 1 of this Lease, and in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Premises, and to the use and occupancy thereof, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. § 12101, et seq. (together with the regulations promulgated pursuant thereto, “**ADA**”) (collectively, “**Legal Requirements**” and each, a “**Legal Requirement**”). Tenant shall, upon 5 days’ written notice from Landlord, discontinue any use of the Premises which is declared by any Governmental Authority (as defined in Section 9) having jurisdiction to be a violation of a Legal Requirement. Tenant will not use or permit the Premises to be used for any purpose or in any manner that would void Tenant’s or Landlord’s insurance, increase the insurance risk, or cause the disallowance of any sprinkler or other credits. Tenant shall not permit any part of the Premises to be used as a “place of public accommodation”, as defined in the ADA or any similar legal requirement. Tenant shall reimburse Landlord promptly upon demand for any additional premium charged for any such insurance policy by reason of Tenant’s failure to comply with the provisions of this Section or otherwise caused by Tenant’s use and/or occupancy of the Premises. Tenant will use the Premises in a careful, safe and proper manner and will not commit or permit waste, overload the floor or structure of the Premises, subject the Premises to use that would damage the Premises or obstruct or interfere with the rights of Landlord or other tenants or occupants of the Project, including conducting or giving notice of any auction, liquidation, or going out of business sale on the Premises, or using or allowing the Premises to be used for any unlawful purpose. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations from the Premises from extending into Common Areas, or other space in the Project. Tenant shall not place any machinery or equipment which would overload the floor in or upon the Premises or transport or move such items through the Common Areas of the Project or in the Project elevators without the prior written consent of Landlord. Except as may be provided under the Work Letter, Tenant shall not, without the prior written consent of Landlord, use the Premises in any manner which will require ventilation, air exchange, heating, gas, steam, electricity or water beyond the existing capacity of the Project as proportionately allocated to the Premises based upon Tenant’s Share as usually furnished for the Permitted Use.

Landlord shall be responsible for the compliance of the Common Areas of the Project with Legal Requirements as of the Rent Commencement Date. Following the Rent Commencement Date, Landlord shall, as an Operating Expense (to the extent such Legal Requirement is generally applicable to similar



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

buildings in the area in which the Project is located) and at Tenant's expense (to the extent such Legal Requirement is triggered by reason of Tenant's, as compared to other tenants of the Project, specific use of the Premises or Tenant's Alterations) make any alterations or modifications to the Common Areas or the exterior of the Building that are required by Legal Requirements. Except as provided in the 2 immediately preceding sentences, Tenant, at its sole expense, shall make any alterations or modifications to the interior of the Premises that are required by Legal Requirements (including, without limitation, compliance of the Premises with the ADA) related to Tenant's use or occupancy of the Premises or Tenant's Alterations. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses incurred in investigating or resisting the same (including, without limitation, reasonable attorneys' fees, charges and disbursements and costs of suit) (collectively, "**Claims**") arising out of or in connection with Tenant's failure to comply with Legal Requirements related to Tenant's use or occupancy of the Premises or Tenant's Alterations, and Tenant shall indemnify, defend, hold and save Landlord harmless from and against any and all Claims arising out of Tenant's breach of the foregoing requirement.

Tenant acknowledges that Landlord may, but shall not be obligated to, seek to obtain Leadership in Energy and Environmental Design (LEED), WELL Building Standard, or other similar "green" certification with respect to the Project and/or the Premises, and Tenant agrees to reasonably cooperate with Landlord, at no material cost or expense to Tenant, and to provide such information and/or documentation as Landlord may reasonably request, in connection therewith.

8. **Holding Over.** If, with Landlord's express written consent, Tenant retains possession of the Premises after the termination of the Term, (i) unless otherwise agreed in such written consent, such possession shall be subject to immediate termination by Landlord at any time, (ii) all of the other terms and provisions of this Lease (including, without limitation, the adjustment of Base Rent pursuant to Section 4 hereof) shall remain in full force and effect (excluding any expansion or renewal option or other similar right or option) during such holdover period, (iii) Tenant shall continue to pay Base Rent in the amount payable upon the date of the expiration or earlier termination of this Lease or such other amount agreed upon in writing by Landlord and Tenant, and (iv) all other payments shall continue under the terms of this Lease. If Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Landlord, (A) Tenant shall become a tenant at sufferance upon the terms of this Lease except that the monthly rental shall be equal to 150% of Rent in effect during the last 30 days of the Term, and (B) Tenant shall be responsible for all damages suffered by Landlord resulting from or occasioned by Tenant's holding over, including consequential damages; provided, however, that if Tenant delivers a written inquiry to Landlord within 60 days prior to the expiration or earlier termination of the Term, Landlord will notify Tenant whether the potential exists for consequential damages. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Section 8 shall not be construed as consent for Tenant to retain possession of the Premises. Acceptance by Landlord of Rent after the expiration of the Term or earlier termination of this Lease shall not result in a renewal or reinstatement of this Lease.

9. **Taxes.** Landlord shall pay, as part of Operating Expenses, all taxes, levies, fees, assessments and governmental charges of any kind, existing as of the Commencement Date or thereafter enacted (collectively referred to as "**Taxes**"), imposed by any federal, state, regional, municipal, local or other governmental authority or agency, including, without limitation, quasi-public agencies (collectively, "**Governmental Authority**") during the Term, including, without limitation, all Taxes: (i) imposed on or measured by or based, in whole or in part, on rent payable to (or gross receipts received by) Landlord under this Lease and/or from the rental by Landlord of the Project or any portion thereof, or (ii) based on the square footage, assessed value or other measure or evaluation of any kind of the Premises or the Project, or (iii) assessed or imposed by or on the operation or maintenance of any portion of the Premises or the Project, including parking, or (iv) assessed or imposed by, or at the direction of, or resulting from Legal Requirements, or interpretations thereof, promulgated by any Governmental Authority, or (v) imposed as a license or other fee, charge, tax, or assessment on Landlord's business or occupation of leasing space in the Project. Landlord may contest by appropriate legal proceedings the



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

amount, validity, or application of any Taxes or liens securing Taxes. Taxes shall not include any net income taxes imposed on Landlord except to the extent such net income taxes are in substitution for any Taxes payable hereunder. If any such Tax is levied or assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Tenant shall pay, prior to delinquency, any and all Taxes levied or assessed against any personal property or trade fixtures placed by Tenant in the Premises, whether levied or assessed against Landlord or Tenant. If any Taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed valuation of the Project is increased by a value attributable to improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, higher than the base valuation on which Landlord from time-to-time allocates Taxes to all tenants in the Project, Landlord shall have the right, but not the obligation, to pay such Taxes. Landlord's determination of any excess assessed valuation shall be binding and conclusive, absent manifest error. The amount of any such payment by Landlord shall constitute Additional Rent due from Tenant to Landlord immediately upon demand.

10. **Parking.** Subject to all applicable Legal Requirements, Force Majeure, a Taking (as defined in [Section 19](#) below) and the exercise by Landlord of its rights hereunder, Tenant shall have the right, at no additional cost, to use 225 parking spaces, which shall be located in those areas in the surface parking lots and/or parking structure, if any, serving the Project designated for non-reserved parking, subject in each case to Landlord's rules and regulations. Landlord may allocate parking spaces among Tenant and other tenants in the Project pro rata as described above if Landlord determines that such parking facilities are becoming crowded. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties, including other tenants of the Project.

If applicable to the Project, Tenant shall comply with the requirements of any TDMP (as defined below) which may be required by the City of San Carlos or other Governmental Authority with respect to the parking areas at the Project which are binding on tenants in the Project or tenants using the parking lots or structures available at the Project. A copy of any TDMP in effect from time to time during the Term shall be made available to Tenant. Notwithstanding anything to the contrary contained in this Lease, if applicable to the Project, Tenant shall be required to comply with the requirements of (and Operating Expenses shall expressly include any costs incurred by Landlord to comply with) any transportation demand management plan ("TDMP") and any other permit conditions (e.g. rider sharing and carpooling initiatives) imposed by the City of San Carlos or other Governmental Authority.

11. **Utilities, Services.** Landlord shall provide, subject to the terms of this [Section 11](#), water, electricity, heat, light, power, sewer, and other utilities (including gas and fire sprinklers to the extent the Project is plumbed for such services), with respect to the Common Areas, refuse and trash collection and janitorial services (collectively, "**Utilities**"). Landlord shall pay, as Operating Expenses or subject to Tenant's reimbursement obligation, for all Utilities used on the Premises, all maintenance charges for Utilities, and any storm sewer charges or other similar charges for Utilities imposed by any Governmental Authority or Utility provider, and any taxes, penalties, surcharges or similar charges thereon. Landlord may cause, at Tenant's expense, any Utilities to be separately metered or charged directly to Tenant by the provider. Tenant shall pay directly to the Utility provider, prior to delinquency, any separately metered Utilities and services which may be furnished to Tenant or the Premises during the Term. Tenant shall pay, as part of Operating Expenses, its share of all charges for jointly metered Utilities based upon consumption, as reasonably determined by Landlord. No interruption or failure of Utilities, from any cause whatsoever other than Landlord's willful misconduct, shall result in eviction or constructive eviction of Tenant, termination of this Lease or the abatement of Rent. Tenant agrees to limit use of water and sewer with respect to Common Areas to normal restroom use. Tenant shall retain third parties reasonably acceptable to Landlord to provide janitorial services and trash collection services to the Premises and Tenant shall pay such third parties directly for such janitorial and trash collection services.

Notwithstanding anything to the contrary set forth herein, if (i) a stoppage of an Essential Service (as defined below) to the Premises shall occur and such stoppage is due solely to the gross negligence or willful misconduct of Landlord and not due in any part to any act or omission on the part of Tenant or any Tenant Party or any matter beyond Landlord's reasonable control (any such stoppage of an Essential



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

Service being hereinafter referred to as a “**Service Interruption**”), and (ii) such Service Interruption continues for more than 3 consecutive business days after Landlord shall have received written notice thereof from Tenant, and (iii) as a result of such Service Interruption, the conduct of Tenant’s normal operations in the Premises are materially and adversely affected, then there shall be an abatement of one day’s Base Rent for each day during which such Service Interruption continues after such 3 business day period; provided, however, that if any part of the Premises is reasonably useable for Tenant’s normal business operations or if Tenant conducts all or any part of its operations in any portion of the Premises notwithstanding such Service Interruption, then the amount of each daily abatement of Base Rent shall only be proportionate to the nature and extent of the interruption of Tenant’s normal operations or ability to use the Premises. The rights granted to Tenant under this paragraph shall be Tenant’s sole and exclusive remedy resulting from a failure of Landlord to provide services, and Landlord shall not otherwise be liable for any loss or damage suffered or sustained by Tenant resulting from any failure or cessation of services. For purposes hereof, the term “**Essential Services**” shall mean the following services: operational elevators, HVAC service, water, sewer and electricity, but in each case only to the extent that Landlord has an obligation to provide same to Tenant under this Lease.

Landlord’s sole obligation for either providing emergency generators or providing emergency back-up power to Tenant shall be: (i) to provide a 2,000kW emergency generator at the Project as of the Commencement Date, and (ii) to contract with a third party to maintain the emergency generator as per the manufacturer’s standard maintenance guidelines. Except as otherwise provided in the immediately preceding sentence, Landlord shall have no obligation to provide Tenant with operational emergency generators or back-up power or to supervise, oversee or confirm that the third party maintaining the emergency generator is maintaining the generator as per the manufacturer’s standard guidelines or otherwise. During any period of replacement, repair or maintenance of the emergency generator when the emergency generators are not operational, including any delays thereto due to the inability to obtain parts or replacement equipment, Landlord shall have no obligation to provide Tenant with an alternative back-up generator or generators or alternative sources of back-up power. Tenant expressly acknowledges and agrees that Landlord does not guaranty that such emergency generator will be operational at all times or that emergency power will be available to the Premises when needed.

Tenant agrees to provide Landlord with access to Tenant’s water and/or energy usage data on a monthly basis, either by providing Tenant’s applicable utility login credentials to Landlord’s Measurabl online portal, or by another delivery method reasonably agreed to by Landlord and Tenant. The costs and expenses incurred by Landlord in connection with receiving and analyzing such water and/or energy usage data (including, without limitation, as may be required pursuant to applicable Legal Requirements) shall be included as part of Operating Expenses.

Subject to Tenant complying with all of the provisions of this Lease including without limitation, Section 12 hereof, and all applicable Legal Requirements and Landlord’s reasonable rules and regulations (which rules and regulations shall be enforced in a non-discriminatory manner), Tenant shall have the right to install a dedicated emergency generator of a size and wattage reasonably acceptable to Landlord (the “**Emergency Generator**”) in a location reasonably acceptable to Landlord and Tenant (collectively, the “**Generator Area**”). Tenant shall have all of the obligations under this Lease with respect to the Generator Area as though the Generator Area were part of the Premises. The number of parking spaces available to Tenant under this Lease shall be reduced by the number of parking spaces impacted by the Generator Area, if any. All such improvements to the Generator Area shall be of a design and type and with screening and landscaping acceptable to Landlord, in Landlord’s reasonable discretion. Landlord shall have the right, in its sole and absolute discretion, to require Tenant to remove any such Emergency Generator installed by Tenant at the expiration or earlier termination of the Term. If the Emergency Generator is removed by Tenant, Tenant will restore the Generator Area to its original use and condition. Notwithstanding anything to the contrary contained herein, Tenant shall surrender the Generator Area free of any debris and trash and free of any Hazardous Materials upon the expiration or earlier termination of the Term. Landlord shall have no obligation to make any repairs or improvements to the Emergency Generator or the Generator Area and Tenant shall maintain the same, at Tenant’s sole cost and expense, in good repair and condition during the Term as though the same were part of the Premises.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**12. Alterations and Tenant's Property.** Any alterations, additions, or improvements made to the Premises by or on behalf of Tenant (other than the Tenant Improvements which shall be constructed pursuant to the Work Letter and shall not constitute Alterations pursuant to this [Section 12](#)), including additional locks or bolts of any kind or nature upon any doors or windows in the Premises, but excluding installation, removal or realignment of furniture, fixtures and equipment and customary office decor (i.e., white boards) (other than removal of furniture, fixtures and equipment, if any, owned or paid for by Landlord) not involving any modifications to the structure or connections (other than by ordinary plugs or jacks) to Building Systems (as defined in [Section 13](#)) ("**Alterations**") shall be subject to Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion if any such Alteration affects the structure or Building Systems and shall not be otherwise unreasonably withheld. If Landlord approves any Alterations, Landlord may impose such conditions on Tenant in connection with the commencement, performance and completion of such Alterations as Landlord may deem appropriate in Landlord's sole and absolute discretion. Any request for approval shall be in writing, delivered not less than 15 business days in advance of any proposed construction, and accompanied by plans, specifications, bid proposals, work contracts and such other information concerning the nature and cost of the alterations as may be reasonably requested by Landlord, including the identities and mailing addresses of all persons performing work or supplying materials. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to ensure that such plans and specifications or construction comply with applicable Legal Requirements. Tenant shall cause, at its sole cost and expense, all Alterations to comply with insurance requirements and with Legal Requirements and shall implement at its sole cost and expense any alteration or modification required by Legal Requirements as a result of any Alterations. Other than in connection with the Tenant Improvements, Tenant shall pay to Landlord, as Additional Rent, on demand an amount equal to 5% of all charges incurred by Tenant or its contractors or agents in connection with any Alteration to cover Landlord's overhead and expenses for plan review, coordination, scheduling and supervision. Before Tenant begins any Alteration, Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall reimburse Landlord for, and indemnify and hold Landlord harmless from, any expense incurred by Landlord by reason of faulty work done by Tenant or its contractors, delays caused by such work, or inadequate cleanup.

Tenant shall furnish evidence of cash on hand and available for payment of Tenant's Alterations in an amount of not less than 150% of the cost of the applicable Alteration, or make other arrangements reasonably satisfactory to Landlord to assure payment for the completion of all Alterations work free and clear of liens, and shall provide (and cause each contractor or subcontractor to provide) certificates of insurance for workers' compensation and other coverage in amounts and from an insurance company satisfactory to Landlord protecting Landlord against liability for personal injury or property damage during construction. Upon completion of any Alterations, Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and subcontractors who did the work and final lien waivers from all such contractors and subcontractors; and (ii) "as built" plans for any such Alteration.

Except for Removable Installations (as hereinafter defined), all Installations (as hereinafter defined) shall be and shall remain the property of Landlord during the Term and following the expiration or earlier termination of the Term, shall not be removed by Tenant at any time during the Term, and shall remain upon and be surrendered with the Premises as a part thereof. Notwithstanding the foregoing, Landlord may, at the time its approval of any such Installation is requested, notify Tenant that Landlord requires that Tenant remove such Installation upon the expiration or earlier termination of the Term, in which event Tenant shall remove such Installation in accordance with the immediately succeeding sentence. Upon the expiration or earlier termination of the Term, Tenant shall remove (i) all wires, cables or similar equipment which Tenant has installed in the Premises or in the risers or plenums of the Building, (ii) any Installations for which Landlord has given Tenant notice of removal in accordance with the immediately preceding sentence, and (iii) all of Tenant's Property (as hereinafter defined), and Tenant shall restore and repair any damage caused by or occasioned as a result of such removal, including, without limitation, capping off all such connections behind the walls of the Premises and repairing any holes. During any restoration period beyond the expiration or earlier termination of the Term, Tenant shall pay Rent to Landlord as provided herein as if said space were otherwise occupied by Tenant. If Landlord is requested by Tenant or any lender, lessor or other person or entity claiming an interest in any



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

of Tenant's Property to waive any lien Landlord may have against any of Tenant's Property, and Landlord consents to such waiver, then Landlord shall be entitled to be paid as administrative rent a fee of \$1,000 per occurrence for its time and effort in preparing and negotiating such a waiver of lien.

For purposes of this Lease, (x) "**Removable Installations**" means any items listed on **Exhibit F** attached hereto and any items agreed by Landlord in writing to be included on **Exhibit F** in the future, (y) "**Tenant's Property**" means Removable Installations and, other than Installations, any personal property or equipment of Tenant that may be removed without material damage to the Premises, and (z) "**Installations**" means all property of any kind paid for with the TI Fund, all Alterations, all fixtures, and all partitions, hardware, built-in machinery, built-in casework and cabinets and other similar additions, equipment, property and improvements built into the Premises so as to become an integral part of the Premises, including, without limitation, fume hoods which penetrate the roof or plenum area, built-in cold rooms, built-in warm rooms, walk-in cold rooms, walk-in warm rooms, deionized water systems, glass washing equipment, autoclaves, chillers, built-in plumbing, electrical and mechanical equipment and systems, and any power generator and transfer switch.

Notwithstanding anything to the contrary contained in this Lease, Tenant shall not be required to remove or restore the Tenant Improvements at the expiration or earlier termination of the Term, nor shall Tenant have the right to remove any of the Tenant Improvements at any time during the Term or at the expiration or earlier termination of the Term except as otherwise provided in this Section 12.

13. **Landlord's Repairs.** Landlord, as an Operating Expense, shall maintain all of the structural, exterior, parking and other Common Areas of the Project, including HVAC, plumbing, fire sprinklers, elevators and all other building systems serving the Premises and other portions of the Project ("**Building Systems**"), in good repair, reasonable wear and tear and uninsured losses and damages caused by Tenant, or by any of Tenant, or by any of Tenant's assignees, sublessees, licensees, agents, servants, employees, invitees and contractors (or any of Tenant's assignees, sublessees and/or licensees respective agents, servants, employees, invitees and contractors) (collectively, "**Tenant Parties**") excluded. Losses and damages caused by Tenant or any Tenant Party shall be repaired by Landlord, to the extent not covered by insurance, at Tenant's sole cost and expense. Landlord reserves the right to stop Building Systems services when necessary (i) by reason of accident or emergency, or (ii) for planned repairs, alterations or improvements, which are, in the judgment of Landlord, desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed. Landlord shall have no responsibility or liability for failure to supply Building Systems services during any such period of interruption; provided, however, that Landlord shall, except in case of emergency, make a commercially reasonable effort to give Tenant 3 business days' advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements. Landlord shall endeavor to minimize interference with Tenant's operations in the Premises in connection with such planned temporary stoppages of Building Systems. Tenant shall promptly give Landlord written notice of any repair of which Tenant becomes aware required by Landlord pursuant to this Section, after which Landlord shall make a commercially reasonable effort to effect such repair. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after Tenant's written notice of the need for such repairs or maintenance. Tenant waives its rights under any state or local law to terminate this Lease or to make such repairs at Landlord's expense and agrees that the parties' respective rights with respect to such matters shall be solely as set forth herein. Repairs required as the result of fire, earthquake, flood, vandalism, war, or similar cause of damage or destruction shall be controlled by Section 18.

14. **Tenant's Repairs.** Subject to Section 13 and Section 18 hereof, Tenant, at its expense, shall repair, replace and maintain in good condition all portions of the Premises, including, without limitation, entries, doors, ceilings, interior windows, interior walls, and the interior side of demising walls. Such repair and replacement may include capital expenditures and repairs whose benefit may extend beyond the Term. Should Tenant fail to make any such repair or replacement or fail to maintain the Premises, Landlord shall give Tenant notice of such failure. If Tenant fails to commence cure of such failure within 10 days of Landlord's notice, and thereafter diligently prosecute such cure to completion, Landlord may perform such work and shall be reimbursed by Tenant within 10 days after demand



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

therefor; provided, however, that if such failure by Tenant creates or could create an emergency, Landlord may immediately commence cure of such failure and shall thereafter be entitled to recover the costs of such cure from Tenant. Subject to Sections 17 and 18, Tenant shall bear the full uninsured cost of any repair or replacement to any part of the Project that results from damage caused by Tenant or any Tenant Party and any repair that benefits only the Premises.

15. **Mechanic's Liens.** Tenant shall discharge, by bond or otherwise, any mechanic's lien filed against the Premises or against the Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant within 10 business days after Tenant receives notice of the filing thereof, at Tenant's sole cost and shall otherwise keep the Premises and the Project free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant. Should Tenant fail to discharge any lien described herein, Landlord shall have the right, but not the obligation, to pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title to the Project and the cost thereof shall be immediately due from Tenant as Additional Rent. If Tenant shall lease or finance the acquisition of office equipment, furnishings, or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code Financing Statement filed as a matter of public record by any lessor or creditor of Tenant will upon its face or by exhibit thereto indicate that such Financing Statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Project be furnished on the statement without qualifying language as to applicability of the lien only to removable personal property, located in an identified suite held by Tenant.

16. **Indemnification.** Tenant hereby indemnifies and agrees to defend, save and hold Landlord, its officers, directors, employees, managers, agents, sub-agents, constituent entities and lease signators (collectively, "**Landlord Indemnified Parties**") harmless from and against any and all Claims for injury or death to persons or damage to property occurring within or about the Premises or the Project arising directly or indirectly out of the use or occupancy of the Premises or the Project by Tenant or any Tenant Party (including, without limitation, any act, omission or neglect by Tenant or any Tenant's Parties in or about the Premises or at the Project) or the breach or default by Tenant in the performance of any of its obligations hereunder, except to the extent caused by the willful misconduct or negligence of Landlord Indemnified Parties. Landlord shall not be liable to Tenant for, and Tenant assumes all risk of damage to, personal property (including, without limitation, loss of records kept within the Premises). Tenant further waives any and all Claims for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property (including, without limitation, any loss of records). Landlord Indemnified Parties shall not be liable for any damages arising from any act, omission or neglect of any tenant in the Project or of any other third party or Tenant Parties.

17. **Insurance.** Landlord shall maintain all risk property and, if applicable, sprinkler damage insurance covering the full replacement cost of the Project. Landlord shall further procure and maintain commercial general liability insurance with a single loss limit of not less than \$2,000,000 for bodily injury and property damage with respect to the Project (including the Tenant Improvements). Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary, including, but not limited to, flood, environmental hazard and earthquake, loss or failure of building equipment, errors and omissions, rental loss during the period of repair or rebuilding, workers' compensation insurance and fidelity bonds for employees employed to perform services and insurance for any improvements installed by Tenant or which are in addition to the standard improvements customarily furnished by Landlord without regard to whether or not such are made a part of the Project. All such insurance shall be included as part of the Operating Expenses. The Project may be included in a blanket policy (in which case the cost of such insurance allocable to the Project will be determined by Landlord based upon the insurer's cost calculations). Tenant shall also reimburse Landlord for any increased premiums or additional insurance which Landlord reasonably deems necessary as a result of Tenant's use of the Premises.

Tenant, at its sole cost and expense, shall maintain during the Term: all risk property insurance with business interruption and extra expense coverage, covering the full replacement cost of all property and improvements installed or placed in the Premises by Tenant at Tenant's expense; workers'



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

compensation insurance with no less than the minimum limits required by law; employer's liability insurance with employers liability limits of \$1,000,000 bodily injury by accident – each accident, \$1,000,000 bodily injury by disease – policy limit, and \$1,000,000 bodily injury by disease – each employee; and commercial general liability insurance, with a minimum limit of not less than \$4,000,000 per occurrence for bodily injury and property damage with respect to the Premises. The commercial general liability insurance maintained by Tenant shall name Alexandria Real Estate Equities, Inc., and Landlord, its officers, directors, employees, managers, agents, sub-agents, constituent entities and lease signators (collectively, "**Landlord Insured Parties**"), as additional insureds; insure on an occurrence and not a claims-made basis; be issued by insurance companies which have a rating of not less than policyholder rating of A and financial category rating of at least Class X in "Best's Insurance Guide"; not contain a hostile fire exclusion; contain a contractual liability endorsement; and provide primary coverage to Landlord Insured Parties (any policy issued to Landlord Insured Parties providing duplicate or similar coverage shall be deemed excess over Tenant's policies, regardless of limits). Tenant shall (i) provide Landlord with 30 days advance written notice of cancellation of such commercial general liability policy, and (ii) request Tenant's insurer to endeavor to provide 30 days advance written notice to Landlord of cancellation of such commercial general liability policy. Certificates of insurance showing the limits of coverage required hereunder and showing Landlord as an additional insured, along with reasonable evidence of the payment of premiums for the applicable period, shall be delivered to Landlord by Tenant prior to (i) the earlier to occur of (x) the Commencement Date, or (y) the date that Tenant accesses the Premises under this Lease, and (ii) each renewal of said insurance. Tenant's policy may be a "blanket policy" with an aggregate per location endorsement which specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Tenant shall, at least 5 days prior to the expiration of such policies, furnish Landlord with renewal certificates.

In each instance where insurance is to name Landlord as an additional insured, Tenant shall upon written request of Landlord also designate and furnish certificates so evidencing Landlord as additional insured to: (i) any lender of Landlord holding a security interest in the Project or any portion thereof, (ii) the landlord under any lease wherein Landlord is tenant of the real property on which the Project is located, if the interest of Landlord is or shall become that of a tenant under a ground or other underlying lease rather than that of a fee owner, and/or (iii) any management company retained by Landlord to manage the Project.

The property insurance obtained by Landlord and Tenant shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Landlord or Tenant, and their respective officers, directors, employees, managers, agents, invitees and contractors ("**Related Parties**"), in connection with any loss or damage thereby insured against. Neither party nor its respective Related Parties shall be liable to the other for loss or damage caused by any risk insured against under property insurance required to be maintained hereunder, and each party waives any claims against the other party, and its respective Related Parties, for such loss or damage. The failure of a party to insure its property shall not void this waiver. Landlord and its respective Related Parties shall not be liable for, and Tenant hereby waives all claims against such parties for, business interruption and losses occasioned thereby sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises or the Project from any cause whatsoever. If the foregoing waivers shall contravene any law with respect to exculpatory agreements, the liability of Landlord or Tenant shall be deemed not released but shall be secondary to the other's insurer.

With reasonable advance notice, Landlord may require insurance policy limits to be raised to conform with requirements of Landlord's lender and/or to bring coverage limits to levels then being generally required of new tenants within the Project; provided, however, that the increased amount of coverage is consistent with coverage amounts then being required by institutional owners of similar projects with tenants occupying similar size premises in the geographical area in which the Project is located.

18. **Restoration.** If, at any time during the Term, the Project or the Premises are damaged or destroyed by a fire or other insured casualty, Landlord shall notify Tenant within 60 days after discovery of such damage as to the amount of time Landlord reasonably estimates it will take to restore



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Net Laboratory

the Project or the Premises, as applicable (the “**Restoration Period**”). If the Restoration Period is estimated to exceed 12 months (the “**Maximum Restoration Period**”), Landlord may, in such notice, elect to terminate this Lease as of the date that is 75 days after the date of discovery of such damage or destruction; provided, however, that notwithstanding Landlord’s election to restore, Tenant may elect to terminate this Lease by written notice to Landlord delivered within 10 business days of receipt of a notice from Landlord estimating a Restoration Period for the Premises longer than the Maximum Restoration Period. Unless either Landlord or Tenant so elects to terminate this Lease, Landlord shall, subject to receipt of sufficient insurance proceeds (with any deductible to be treated as a current Operating Expense), promptly restore the Premises (including the Tenant Improvements but excluding any other improvements installed by Tenant or by Landlord and paid for by Tenant), subject to delays arising from the collection of insurance proceeds, from Force Majeure events or as needed to obtain any license, clearance or other authorization of any kind required to enter into and restore the Premises issued by any Governmental Authority having jurisdiction over the use, storage, handling, treatment, generation, release, disposal, removal or remediation of Hazardous Materials (as defined in Section 30) in, on or about the Premises (collectively referred to herein as “**Hazardous Materials Clearances**”); provided, however, that if repair or restoration of the Premises is not substantially complete, despite Landlord’s good faith reasonable efforts, as of the end of the Maximum Restoration Period or, if longer, the Restoration Period, Landlord may, in its sole and absolute discretion, elect not to proceed with such repair and restoration, or Tenant may by written notice to Landlord delivered within 10 business days of the expiration of the Maximum Restoration Period or, if longer, the Restoration Period, elect to terminate this Lease, in which event Landlord shall be relieved of its obligation to make such repairs or restoration and this Lease shall terminate as of the date that is 75 days after the later of: (i) discovery of such damage or destruction, or (ii) the date all required Hazardous Materials Clearances are obtained, but Landlord shall retain any Rent paid and the right to any Rent payable by Tenant prior to such election by Landlord or Tenant.

Tenant, at its expense, shall promptly perform, subject to delays arising from the collection of insurance proceeds, from Force Majeure (as defined in Section 34) events or to obtain Hazardous Material Clearances, all repairs or restoration not required to be done by Landlord and shall promptly re-enter the Premises and commence doing business in accordance with this Lease. Notwithstanding the foregoing, either Landlord or Tenant may terminate this Lease upon written notice to the other if the Premises are damaged during the last year of the Term and Landlord reasonably estimates that it will take more than 2 months to repair such damage; provided, however, that such notice is delivered within 10 business days after the date that Landlord provides Tenant with written notice of the estimated Restoration Period. Notwithstanding anything to the contrary contained herein, Landlord shall also have the right to terminate this Lease if insurance proceeds are not available for such restoration. Rent shall be abated from the date all required Hazardous Material Clearances are obtained until the Premises are repaired and restored, in the proportion which the area of the Premises, if any, which is not usable by Tenant bears to the total area of the Premises, unless Landlord provides Tenant with other space during the period of repair that is suitable for the temporary conduct of Tenant’s business. In the event that no Hazardous Material Clearances are required to be obtained by Tenant with respect to the Premises, rent abatement shall commence on the date of discovery of the damage or destruction. Such abatement shall be the sole remedy of Tenant, and except as provided in this Section 18, Tenant waives any right to terminate the Lease by reason of damage or casualty loss.

The provisions of this Lease, including this Section 18, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Project, and any statute or regulation which is now or may hereafter be in effect shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Project, the parties hereto expressly agreeing that this Section 18 sets forth their entire understanding and agreement with respect to such matters.

19. **Condemnation.** If the whole or any material part of the Premises or the Project is taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a “**Taking**” or “**Taken**”), and the Taking would in Landlord’s reasonable judgment, either prevent or materially interfere with Tenant’s use of the Premises or materially



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

interfere with or impair Landlord's ownership or operation of the Project, then upon written notice by Landlord this Lease shall terminate and Rent shall be apportioned as of said date. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, Landlord shall promptly restore the Premises and the Project as nearly as is commercially reasonable under the circumstances to their condition prior to such partial Taking and the rentable square footage of the Building, the rentable square footage of the Premises, Tenant's Share of Operating Expenses and the Rent payable hereunder during the unexpired Term shall be reduced to such extent as may be fair and reasonable under the circumstances. Upon any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for such compensation as may be separately awarded or recoverable by Tenant for moving expenses and damage to Tenant's trade fixtures, if a separate award for such items is made to Tenant. Tenant hereby waives any and all rights it might otherwise have pursuant to any provision of state law to terminate this Lease upon a partial Taking of the Premises or the Project.

20. **Events of Default.** Each of the following events shall be a default ("**Default**") by Tenant under this Lease:

(a) **Payment Defaults.** Tenant shall fail to pay any installment of Rent or any other payment hereunder when due; provided, however, that Landlord will give Tenant notice and an opportunity to cure any failure to pay Rent within 3 days of any such notice not more than once in any 12 month period and Tenant agrees that such notice shall be in lieu of and not in addition to, or shall be deemed to be, any notice required by law.

(b) **Insurance.** Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, or Landlord shall receive a notice of nonrenewal of any such insurance and Tenant shall fail to obtain replacement insurance at least 20 days before the expiration of the current coverage.

(c) **Abandonment.** Tenant shall abandon the Premises (other than as the result of a casualty governed by [Section 18](#) or a Taking governed by [Section 19](#)); provided, however, that Tenant shall not be deemed to have abandoned the Premises if Tenant provides Landlord with reasonable advance notice prior to vacating and, at the time of vacating the Premises, (i) Tenant completes Tenant's obligations under the Decommissioning and HazMat Closure Plan in compliance with [Section 28](#), (ii) Tenant has obtained the release of the Premises of all Hazardous Materials Clearances and the Premises are free from any residual impact from the Tenant HazMat Operations and provides reasonably detailed documentation to Landlord confirming such matters, (iii) Tenant has made reasonable arrangements with Landlord for the security of the Premises for the balance of the Term, and (iv) Tenant continues during the balance of the Term to satisfy and perform all of Tenant's obligations under this Lease as they come due.

(d) **Improper Transfer.** Tenant shall assign, sublease or otherwise transfer or attempt to transfer all or any portion of Tenant's interest in this Lease or the Premises except as expressly permitted herein, or Tenant's interest in this Lease shall be attached, executed upon, or otherwise judicially seized and such action is not released within 90 days of the action.

(e) **Liens.** Tenant shall fail to discharge or otherwise obtain the release of any lien placed upon the Premises in violation of this Lease within 10 business days after Tenant receives notice that any such lien is filed against the Premises.

(f) **Insolvency Events.** Tenant or any guarantor or surety of Tenant's obligations hereunder shall: (A) make a general assignment for the benefit of creditors; (B) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively a “**Proceeding for Relief**”); (C) become the subject of any Proceeding for Relief which is not dismissed within 90 days of its filing or entry; or (D) die or suffer a legal disability (if Tenant, guarantor, or surety is an individual) or be dissolved or otherwise fail to maintain its legal existence (if Tenant, guarantor or surety is a corporation, partnership or other entity).

(g) **Estoppel Certificate or Subordination Agreement.** Tenant fails to execute any document required from Tenant under Sections 23 or 27 within 5 business days after a second notice requesting such document.

(h) **Other Defaults.** Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in this Section 20, and, except as otherwise expressly provided herein, such failure shall continue for a period of 30 days after written notice thereof from Landlord to Tenant.

Any notice given under Section 20(h) hereof shall: (i) specify the alleged default, (ii) demand that Tenant cure such default, (iii) be in lieu of, and not in addition to, or shall be deemed to be, any notice required under any provision of applicable law, and (iv) not be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice; provided that if the nature of Tenant’s default pursuant to Section 20(h) is such that it cannot be cured by the payment of money and reasonably requires more than 30 days to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30 day period and thereafter diligently prosecutes the same to completion; provided, however, that such cure shall be completed no later than 90 days from the date of Landlord’s notice.

### 21. Landlord’s Remedies.

(a) **Payment By Landlord; Interest.** Upon a Default by Tenant hereunder, Landlord may, without waiving or releasing any obligation of Tenant hereunder, make such payment or perform such act. All sums so paid or incurred by Landlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to 12% per annum or the highest rate permitted by law (the “**Default Rate**”), whichever is less, shall be payable to Landlord on demand as Additional Rent. Nothing herein shall be construed to create or impose a duty on Landlord to mitigate any damages resulting from Tenant’s Default hereunder.

(b) **Late Payment Rent.** Late payment by Tenant to Landlord of Rent and other sums due will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord under any Mortgage covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within 5 days after the date such payment is due, Tenant shall pay to Landlord an additional sum equal to 6% of the overdue Rent as a late charge. Notwithstanding the foregoing, before assessing a late charge the first time in any calendar year, Landlord shall provide Tenant written notice of the delinquency and will waive the right if Tenant pays such delinquency within 5 days thereafter. The parties agree that this late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. In addition to the late charge, Rent not paid when due shall bear interest at the Default Rate from the 5th day after the date due until paid.

(c) **Remedies.** Upon the occurrence of a Default, Landlord, at its option, without further notice or demand to Tenant, shall have in addition to all other rights and remedies provided in this Lease, at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

(i) Terminate this Lease, or at Landlord’s option, Tenant’s right to possession only, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

arrears in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor;

(ii) Upon any termination of this Lease, whether pursuant to the foregoing Section 21(c)(i) or otherwise, Landlord may recover from Tenant the following:

- (A) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus
- (B) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus
- (C) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus
- (D) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and
- (E) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 21 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 21(c)(ii)(A) and (B), above, the "**worth at the time of award**" shall be computed by allowing interest at the Default Rate. As used in Section 21(c)(ii)(C) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(iii) Landlord may continue this Lease in effect after Tenant's Default and recover rent as it becomes due (Landlord and Tenant hereby agreeing that Tenant has the right to sublet or assign hereunder, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease following a Default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies hereunder, including the right to recover all Rent as it becomes due.

(iv) Whether or not Landlord elects to terminate this Lease following a Default by Tenant, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. Upon Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

(v) Independent of the exercise of any other remedy of Landlord hereunder or under applicable law, Landlord may conduct an environmental test of the Premises as generally described in Section 30(d) hereof, at Tenant's expense.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

(d) **Effect of Exercise.** Exercise by Landlord of any remedies hereunder or otherwise available shall not be deemed to be an acceptance of surrender of the Premises and/or a termination of this Lease by Landlord, it being understood that such surrender and/or termination can be effected only by the express written agreement of Landlord and Tenant. Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the provisions of this Lease in strict accordance with the terms hereof; and the failure of Landlord at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same and shall not be deemed a waiver of Landlord's right to enforce one or more of its rights in connection with any subsequent default. A receipt by Landlord of Rent or other payment with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. To the greatest extent permitted by law, Tenant waives the service of notice of Landlord's intention to re-enter, re-take or otherwise obtain possession of the Premises as provided in any statute, or to institute legal proceedings to that end, and also waives all right of redemption in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge. Any reletting of the Premises or any portion thereof shall be on such terms and conditions as Landlord in its sole discretion may determine. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or collect rent due in respect of such reletting or otherwise to mitigate any damages arising by reason of Tenant's Default.

## 22. Assignment and Subletting.

(a) **General Prohibition.** Without Landlord's prior written consent subject to and on the conditions described in this Section 22, Tenant shall not, directly or indirectly, voluntarily or by operation of law, assign this Lease or sublease the Premises or any part thereof or mortgage, pledge, or hypothecate its leasehold interest or grant any concession or license within the Premises, and any attempt to do any of the foregoing shall be void and of no effect. If Tenant is a corporation, partnership or limited liability company, the shares or other ownership interests thereof which are not actively traded upon a stock exchange or in the over-the-counter market, a transfer or series of transfers whereby 50% or more of the issued and outstanding shares or other ownership interests of such corporation are, or voting control is, transferred (but excepting transfers upon deaths of individual owners) from a person or persons or entity or entities which were owners thereof at time of execution of this Lease to persons or entities who were not owners of shares or other ownership interests of the corporation, partnership or limited liability company at time of execution of this Lease, shall be deemed an assignment of this Lease requiring the consent of Landlord as provided in this Section 22.

(b) **Permitted Transfers.** If Tenant desires to assign, sublease, hypothecate or otherwise transfer this Lease or sublet the Premises other than pursuant to a Permitted Assignment (as defined below), then at least 15 business days, but not more than 90 days, before the date Tenant desires the assignment or sublease to be effective (the "**Assignment Date**"), Tenant shall give Landlord a notice (the "**Assignment Notice**") containing such information about the proposed assignee or sublessee, including the proposed use of the Premises and any Hazardous Materials proposed to be used, stored handled, treated, generated in or released or disposed of from the Premises, the Assignment Date, any relationship between Tenant and the proposed assignee or sublessee, and all material terms and conditions of the proposed assignment or sublease, including a copy of any proposed assignment or sublease in its final form, and such other information as Landlord may deem reasonably necessary or appropriate to its consideration whether to grant its consent. Landlord may, by giving written notice to Tenant within 15 business days after receipt of the Assignment Notice: (i) grant such consent (provided that Landlord shall further have the right to review and approve or disapprove the proposed form of sublease prior to the effective date of any such subletting), (ii) refuse such consent, in its reasonable discretion; or (iii) terminate this Lease with respect to the space described in the Assignment Notice as of the Assignment Date (an "**Assignment Termination**"). Among other reasons, it shall be reasonable for Landlord to withhold its consent in any of these instances: (1) the proposed assignee or subtenant is a governmental agency; (2) in Landlord's reasonable judgment, the use of the Premises by the proposed assignee or subtenant would entail any alterations that would lessen the value of the leasehold



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

improvements in the Premises, or would require increased services by Landlord; (3) in Landlord's reasonable judgment, the proposed assignee or subtenant is engaged in areas of scientific research or other business concerns that are controversial such that they may (i) attract or cause negative publicity for or about the Building or the Project, (ii) negatively affect the reputation of the Building, the Project or Landlord, (iii) attract protestors to the Building or the Project, or (iv) lessen the attractiveness of the Building or the Project to any tenants or prospective tenants, purchasers or lenders; (4) in Landlord's reasonable judgment, the proposed assignee or subtenant lacks the creditworthiness to support the financial obligations it will incur under the proposed assignment or sublease; (5) in Landlord's reasonable judgment, the character, reputation, or business of the proposed assignee or subtenant is inconsistent with the desired tenant-mix or the quality of other tenancies in the Project or is inconsistent with the type and quality of the nature of the Building; (6) Landlord has received from any prior landlord to the proposed assignee or subtenant a negative report concerning such prior landlord's experience with the proposed assignee or subtenant; (7) Landlord has experienced previous defaults by or is in litigation with the proposed assignee or subtenant; (8) the use of the Premises by the proposed assignee or subtenant will violate any applicable Legal Requirement; (9) the proposed assignee or subtenant, or any entity that, directly or indirectly, controls, is controlled by, or is under common control with the proposed assignee or subtenant, is then an occupant of the Project; (10) the proposed assignee or subtenant is an entity with whom Landlord is negotiating to lease space in the Project; or (11) the assignment or sublease is prohibited by Landlord's lender. If Landlord delivers notice of its election to exercise an Assignment Termination, Tenant shall have the right to withdraw such Assignment Notice by written notice to Landlord of such election within 5 business days after Landlord's notice electing to exercise the Assignment Termination. If Tenant withdraws such Assignment Notice, this Lease shall continue in full force and effect. If Tenant does not withdraw such Assignment Notice, this Lease, and the term and estate herein granted, shall terminate as of the Assignment Date with respect to the space described in such Assignment Notice. No failure of Landlord to exercise any such option to terminate this Lease, or to deliver a timely notice in response to the Assignment Notice, shall be deemed to be Landlord's consent to the proposed assignment, sublease or other transfer. Tenant shall pay to Landlord a fee equal to Two Thousand Five Hundred Dollars (\$2,500) in connection with its consideration of any Assignment Notice and/or its preparation or review of any consent documents. Notwithstanding the foregoing, Landlord's consent to an assignment of this Lease or a subletting of any portion of the Premises to any entity controlling, controlled by or under common control with Tenant (a "**Control Permitted Assignment**") shall not be required, provided that Tenant and any assignee or sublessee subject to a Control Permitted Assignment shall execute a consent to assignment or consent to sublease, as applicable, on Landlord's standard commercially reasonable form. In addition, Tenant shall have the right to assign this Lease, upon 30 days prior written notice to Landlord but without obtaining Landlord's prior written consent, to a corporation or other entity which is a successor-in-interest to Tenant, by way of merger, consolidation or corporate reorganization, or by the purchase of all or substantially all of the assets or the ownership interests of Tenant provided that (i) such merger or consolidation, or such acquisition or assumption, as the case may be, is for a good business purpose and not principally for the purpose of transferring the Lease, and (ii) the net worth (as determined in accordance with generally accepted accounting principles ("**GAAP**")) of the assignee is not less than the greater of the net worth (as determined in accordance with GAAP) of Tenant as of (A) the Commencement Date, or (B) as of the date of Tenant's most current quarterly or annual financial statements, and (iii) such assignee shall agree in writing to assume all of the terms, covenants and conditions of this Lease (a "**Corporate Permitted Assignment**"). Control Permitted Assignments and Corporate Permitted Assignments are hereinafter referred to as "**Permitted Assignments.**"

Notwithstanding anything to the contrary contained in this Lease, Tenant may from time to time enter into agreements for up to 15% of the Premises (each, a "**Shared Space Arrangement**") with third parties pursuant to which such third parties may occupy portions of the Premises as "**Shared Space Area**", and such agreements shall not require Landlord's consent under this Section 22; provided, however, that Tenant shall be required to provide Landlord with a copy of each such license agreement and, prior to the effective date of each such license agreement, Tenant and each licensee shall be required to execute Landlord's reasonable form of acknowledgment pursuant to which Tenant and the licensee acknowledge and agree, among other things, that: (i) the terms of the Shared Space Arrangement are subject and subordinate to the terms of the Lease, (ii) if the Lease terminates, then the



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

Shared Space Arrangement shall terminate concurrently therewith, (iii) each licensee shall, during the term of its applicable Shared Space Arrangement, maintain substantially the same insurance (as reasonably determined by Landlord) as is required of Tenant under the Lease and provide Landlord with insurance certificates evidencing the same and naming the Landlord Parties as additional insureds, and (iv) the waivers and releases set forth in the second to last paragraph of Section 17 that apply as between Landlord and Tenant shall also apply as between Landlord and licensee. Tenant shall be fully responsible for the conduct of such companies within the Shared Space Area and the Project, and Tenant's indemnification obligations set forth in this Lease shall apply with respect to the conduct of such parties within the Shared Space Area and Project.

(c) **Additional Conditions.** As a condition to any such assignment or subletting, whether or not Landlord's consent is required, Landlord may require:

(i) that any assignee or subtenant agree, in writing at the time of such assignment or subletting, that if Landlord gives such party notice that Tenant is in default under this Lease, such party shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments will be received by Landlord without any liability except to credit such payment against those due under the Lease, and any such third party shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, in no event shall Landlord or its successors or assigns be obligated to accept such attornment; and

(ii) A list of Hazardous Materials, certified by the proposed assignee or sublessee to be true and correct, which the proposed assignee or sublessee intends to use, store, handle, treat, generate in or release or dispose of from the Premises, together with copies of all documents relating to such use, storage, handling, treatment, generation, release or disposal of Hazardous Materials by the proposed assignee or subtenant in the Premises or on the Project, prior to the proposed assignment or subletting, including, without limitation: permits; approvals; reports and correspondence; storage and management plans; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); and all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks. Neither Tenant nor any such proposed assignee or subtenant is required, however, to provide Landlord with any portion(s) of the such documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities.

(d) **No Release of Tenant, Sharing of Excess Rents.** Notwithstanding any assignment or subletting, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times remain fully and primarily responsible and liable for the payment of Rent and for compliance with all of Tenant's other obligations under this Lease. If the Rent due and payable by a sublessee or assignee (or a combination of the rental payable under such sublease or assignment plus any bonus or other consideration therefor or incident thereto in any form) exceeds the sum of the rental payable under this Lease, (excluding however, any Rent payable under this Section) and actual and reasonable brokerage fees, legal costs and any design or construction fees directly related to and required pursuant to the terms of any such sublease) ("**Excess Rent**"), then Tenant shall be bound and obligated to pay Landlord as Additional Rent hereunder 50% of such Excess Rent within 10 days following receipt thereof by Tenant. If Tenant shall sublet the Premises or any part thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of a Default, Tenant shall have the right to collect such rent.

(e) **No Waiver.** The consent by Landlord to an assignment or subletting shall not relieve Tenant or any assignees of this Lease or any sublessees of the Premises from obtaining the consent of



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

Landlord to any further assignment or subletting nor shall it release Tenant or any assignee or sublessee of Tenant from full and primary liability under the Lease. The acceptance of Rent hereunder, or the acceptance of performance of any other term, covenant, or condition thereof, from any other person or entity shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to any subletting, assignment or other transfer of the Premises.

(f) **Prior Conduct of Proposed Transferee.** Notwithstanding any other provision of this Section 22, if (i) the proposed assignee or sublessee of Tenant has been required by any prior landlord, lender or Governmental Authority to take remedial action in connection with Hazardous Materials contaminating a property, where the contamination resulted from such party's action or use of the property in question, (ii) the proposed assignee or sublessee is subject to an enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority), or (iii) because of the existence of a pre-existing environmental condition in the vicinity of or underlying the Project, the risk that Landlord would be targeted as a responsible party in connection with the remediation of such pre-existing environmental condition would be materially increased or exacerbated by the proposed use of Hazardous Materials by such proposed assignee or sublessee, Landlord shall have the absolute right to refuse to consent to any assignment or subletting to any such party.

23. **Estoppel Certificate.** Tenant shall, within 10 business days of written notice from Landlord, execute, acknowledge and deliver a statement in writing in any form reasonably requested by a proposed lender or purchaser, (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any, (ii) acknowledging that there are not any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (iii) setting forth such further information with respect to the status of this Lease or the Premises as may be requested thereon. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such statement within such time shall, at the option of Landlord, constitute a Default under this Lease, and, in any event, shall be conclusive upon Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

Within 30 days after written request from Tenant, Landlord will similarly execute an estoppel certificate: (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which the rental and other charges are paid in advanced, if any, (ii) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of Tenant hereunder, or specifying such defaults if any are claimed and (iii) setting forth such further information with respect to the status of this Lease or the Premises as may be reasonably requested thereon.

24. **Quiet Enjoyment.** So long as Tenant is not in Default under this Lease, Tenant shall, subject to the terms of this Lease, at all times during the Term, have peaceful and quiet enjoyment of the Premises against any person claiming by, through or under Landlord.

25. **Prorations.** All prorations required or permitted to be made hereunder shall be made on the basis of a 360 day year and 30 day months.

26. **Rules and Regulations.** Tenant shall, at all times during the Term and any extension thereof, comply with all reasonable rules and regulations at any time or from time to time established by Landlord covering use of the Premises and the Project. The current rules and regulations are attached hereto as **Exhibit E**. Any new rules and regulations imposed by Landlord pursuant to this Section 26 shall not (i) materially adversely affect Tenant's parking or Tenant's access to or use of the Premises for the Permitted Use, and/or (ii) materially increase Tenant's financial obligations to Landlord under this



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Net Laboratory

Lease in a manner not otherwise contemplated by the other provisions of this Lease. If there is any conflict between said rules and regulations and other provisions of this Lease, the terms and provisions of this Lease shall control. Landlord shall not have any liability or obligation for the breach of any rules or regulations by other tenants in the Project and shall not enforce such rules and regulations in a discriminatory manner.

27. **Subordination.** This Lease and Tenant's interest and rights hereunder are hereby made and shall be subject and subordinate at all times to the lien of any Mortgage now existing or hereafter created on or against the Project or the Premises, and all amendments, restatements, renewals, modifications, consolidations, refinancing, assignments and extensions thereof, without the necessity of any further instrument or act on the part of Tenant; provided, however that so long as there is no Default hereunder, Tenant's right to possession of the Premises shall not be disturbed by the Holder of any such Mortgage. Tenant agrees, at the election of the Holder of any such Mortgage, to attorn to any such Holder. Tenant agrees upon demand to execute, acknowledge and deliver such instruments, confirming such subordination, and such instruments of attornment as shall be requested by any such Holder, provided any such instruments contain appropriate non-disturbance provisions assuring Tenant's quiet enjoyment of the Premises as set forth in Section 24 hereof. Notwithstanding the foregoing, any such Holder may at any time subordinate its Mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of execution, delivery or recording and in that event such Holder shall have the same rights with respect to this Lease as though this Lease had been executed prior to the execution, delivery and recording of such Mortgage and had been assigned to such Holder. The term "**Mortgage**" whenever used in this Lease shall be deemed to include deeds of trust, security assignments and any other encumbrances, and any reference to the "**Holder**" of a Mortgage shall be deemed to include the beneficiary under a deed of trust.

As of the date of this Lease, there is no existing Mortgage encumbering the Project. Landlord agrees to use reasonable efforts to cause the Holder of any future Mortgage to enter into a subordination, non-disturbance and attornment agreement ("**SNDA**") with Tenant with respect to this Lease. The SNDA shall be on the form proscribed by the Holder and Tenant shall pay the Holder's fees and costs in connection with obtaining such SNDA; provided, however, that Landlord shall request that Holder make any changes to the SNDA requested by Tenant. Landlord's failure to cause the Holder to enter into the SNDA with Tenant (or make any of the changes requested by Tenant) shall not be a default by Landlord under this Lease.

28. **Surrender.** Upon the expiration of the Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord in the same condition as received, subject to any Alterations or Installations permitted by Landlord to remain in the Premises, free of Hazardous Materials brought upon, kept, used, stored, handled, treated, generated in, or released or disposed of from, the Premises by any person other than a Landlord Party (collectively, "**Tenant HazMat Operations**") and released of all Hazardous Materials Clearances, broom clean, ordinary wear and tear and casualty loss and condemnation covered by Sections 18 and 19 excepted. At least 3 months prior to the surrender of the Premises or such earlier date as Tenant may elect to cease operations at the Premises, Tenant shall deliver to Landlord a narrative description of the actions proposed (or required by any Governmental Authority) to be taken by Tenant in order to surrender the Premises (including any Installations permitted by Landlord to remain in the Premises) at the expiration or earlier termination of the Term, free from any residual impact from the Tenant HazMat Operations and otherwise released for unrestricted use and occupancy (the "**Decommissioning and HazMat Closure Plan**"). Such Decommissioning and HazMat Closure Plan shall be accompanied by a current listing of (i) all Hazardous Materials licenses and permits held by or on behalf of any Tenant Party with respect to the Premises, and (ii) all Hazardous Materials used, stored, handled, treated, generated, released or disposed of from the Premises, and shall be subject to the review and approval of Landlord's environmental consultant. In connection with the review and approval of the Decommissioning and HazMat Closure Plan, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such additional non-proprietary information concerning Tenant HazMat Operations as Landlord shall request. On or before such surrender, Tenant shall deliver to Landlord evidence that the approved Decommissioning and HazMat



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

Closure Plan shall have been satisfactorily completed and Landlord shall have the right, subject to reimbursement at Tenant's expense as set forth below, to cause Landlord's environmental consultant to inspect the Premises and perform such additional procedures as may be deemed reasonably necessary to confirm that the Premises are, as of the effective date of such surrender or early termination of the Lease, free from any residual impact from Tenant HazMat Operations. Tenant shall reimburse Landlord, as Additional Rent, for the actual out-of-pocket expense incurred by Landlord for Landlord's environmental consultant to review and approve the Decommissioning and HazMat Closure Plan and to visit the Premises and verify satisfactory completion of the same, which cost shall not exceed \$5,000. Landlord shall have the unrestricted right to deliver such Decommissioning and HazMat Closure Plan and any report by Landlord's environmental consultant with respect to the surrender of the Premises to third parties.

If Tenant shall fail to prepare or submit a Decommissioning and HazMat Closure Plan approved by Landlord, or if Tenant shall fail to complete the approved Decommissioning and HazMat Closure Plan, or if such Decommissioning and HazMat Closure Plan, whether or not approved by Landlord, shall fail to adequately address any residual effect of Tenant HazMat Operations in, on or about the Premises, Landlord shall have the right to take such actions as Landlord may deem reasonable or appropriate to assure that the Premises and the Project are surrendered free from any residual impact from Tenant HazMat Operations, the cost of which actions shall be reimbursed by Tenant as Additional Rent, without regard to the limitation set forth in the first paragraph of this Section 28.

Tenant shall immediately return to Landlord all keys and/or access cards to parking, the Project, restrooms or all or any portion of the Premises furnished to or otherwise procured by Tenant. If any such access card or key is lost, Tenant shall pay to Landlord, at Landlord's election, either the cost of replacing such lost access card or key or the cost of reprogramming the access security system in which such access card was used or changing the lock or locks opened by such lost key. Any Tenant's Property, Alterations and property not so removed by Tenant as permitted or required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and/or disposition of such property. All obligations of Tenant hereunder not fully performed as of the termination of the Term, including the obligations of Tenant under Section 30 hereof, shall survive the expiration or earlier termination of the Term, including, without limitation, indemnity obligations, payment obligations with respect to Rent and obligations concerning the condition and repair of the Premises.

**29. Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO.

### 30. Environmental Requirements.

(a) **Prohibition/Compliance/Indemnity.** Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises or the Project in violation of applicable Environmental Requirements (as hereinafter defined) by Tenant or any Tenant Party. If Tenant breaches the obligation stated in the preceding sentence, or if the presence of Hazardous Materials in the Premises during the Term or any holding over results in contamination of the Premises, the Project or any adjacent property or if contamination of the Premises, the Project or any adjacent property by Hazardous Materials brought into, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises by anyone other than Landlord and Landlord's employees, agents and contractors otherwise occurs during the Term or any holding over, Tenant hereby indemnifies and shall defend and hold Landlord, its officers, directors, employees, agents and contractors harmless from any and all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages and damages based upon diminution in value of the Premises or the Project, or the loss of, or restriction on, use of the Premises or any portion of the Project), expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses (collectively, "**Environmental Claims**") which arise during or after the Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, treatment, remedial, removal, or restoration work required by any federal, state or local Governmental Authority because of Hazardous Materials present in the air, soil or ground water above, on, or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises, the Building, the Project or any adjacent property caused or permitted by Tenant or any Tenant Party results in any contamination of the Premises, the Building, the Project or any adjacent property, Tenant shall promptly take all actions at its sole expense and in accordance with applicable Environmental Requirements as are necessary to return the Premises, the Building, the Project or any adjacent property to the condition existing prior to the time of such contamination, provided that Landlord's approval of such action shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises, the Building or the Project. Notwithstanding anything to the contrary contained in this Section 30, Tenant shall not be responsible for, and the indemnification and hold harmless obligation set forth in this paragraph shall not apply to (i) contamination in, on, under or above the Premises which Tenant can demonstrate existed in the Premises immediately prior to the Commencement Date, (ii) the presence of any Hazardous Materials in the Premises which Tenant can demonstrate migrated from outside of the Premises into the Premises, or (iii) any contamination at the Project reflected in the Environmental Reports (as defined below), unless in any case, the presence of such Hazardous Materials (x) is the result of a breach by Tenant of any of its obligations under this Lease, or (y) was caused, contributed to or exacerbated by Tenant or any Tenant Party.

Tenant acknowledges having received the following environmental reports from Landlord: (i) ADMP Amendment prepared by Ramboll dated January 9, 2019, (ii) Asbestos Dust Mitigation Plan prepared by Ramboll dated November 2018, (iii) Building Demo Supplemental (and Original) Survey Report prepared by Ramboll dated August 28, 2018, (iv) Groundwater Protection Program Case Closure dated February 2, 2001, (v) Limited Phase II prepared by Phase One, Inc. dated April 2010, (vi) Phase 1 ESA prepared by Phase One, Inc. dated March 2010, (vii) Phase 1 ESA prepared Weston Solutions dated May 2008, (viii) Phase 1 ESA (Final) prepared by Versar dated July 9, 2012, (ix) Phase 1 ESA prepared by Ramboll Environ dated July 2017, (x) Phase II Soil Characterization Report prepared by Ramboll dated April 5, 2019, and (xi) Soil Management Plan & Dust Control Plan prepared by Ramboll dated September 28, 2018 (collectively, the "**Environmental Reports**").

(b) **Business.** Landlord acknowledges that it is not the intent of this Section 30 to prohibit Tenant from using the Premises for the Permitted Use. Tenant may operate its business according to prudent industry practices so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all then applicable Environmental Requirements. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord prior to the Commencement Date a list identifying each type of Hazardous Materials to be brought upon, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Premises and setting forth any and all governmental approvals or permits required in connection with the presence, use, storage, handling, treatment, generation, release or disposal of such Hazardous Materials on or from the Premises ("**Hazardous Materials List**"). Upon Landlord's request, or any time that Tenant is required to deliver a Hazardous Materials List to any Governmental Authority (e.g., the fire department) in connection with Tenant's use or occupancy of the Premises, Tenant shall deliver to Landlord a copy of such Hazardous Materials List. Tenant shall deliver to Landlord true and correct copies of the following documents (the "**Haz Mat Documents**") relating to the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials prior to the Commencement Date, or if unavailable at that



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

time, concurrent with the receipt from or submission to a Governmental Authority: permits; approvals; reports and correspondence; storage and management plans, notice of violations of any Legal Requirements; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks; and a Decommissioning and Hazmat Closure Plan (to the extent surrender in accordance with Section 28 cannot be accomplished in 3 months). Tenant is not required, however, to provide Landlord with any portion(s) of the Haz Mat Documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities. It is not the intent of this Section to provide Landlord with information which could be detrimental to Tenant's business should such information become possessed by Tenant's competitors.

(c) **Tenant Representation and Warranty.** Tenant hereby represents and warrants to Landlord that (i) neither Tenant nor any of its legal predecessors has been required by any prior landlord, lender or Governmental Authority at any time to take remedial action in connection with Hazardous Materials contaminating a property which contamination was permitted by Tenant of such predecessor or resulted from Tenant's or such predecessor's action or use of the property in question, and (ii) Tenant is not subject to any enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority). If Landlord determines that this representation and warranty was not true as of the date of this lease, Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion.

(d) **Testing.** Landlord shall have the right to conduct annual tests of the Premises to determine whether any contamination of the Premises or the Project has occurred as a result of Tenant's use. Tenant shall be required to pay the cost of such annual test of the Premises if there is violation of this Section 30 or if contamination for which Tenant is responsible under this Section 30 is identified; provided, however, that if Tenant conducts its own tests of the Premises using third party contractors and test procedures acceptable to Landlord which tests are certified to Landlord, Landlord shall accept such tests in lieu of the annual tests to be paid for by Tenant. In addition, at any time, and from time to time, prior to the expiration or earlier termination of the Term, Landlord shall have the right to conduct appropriate tests of the Premises and the Project to determine if contamination has occurred as a result of Tenant's use of the Premises. In connection with such testing, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such non-proprietary information concerning the use of Hazardous Materials in or about the Premises by Tenant or any Tenant Party. If contamination has occurred for which Tenant is liable under this Section 30, Tenant shall pay all costs to conduct such tests. If no such contamination is found, Landlord shall pay the costs of such tests (which shall not constitute an Operating Expense). Landlord shall provide Tenant with a copy of all third party, non-confidential reports and tests of the Premises made by or on behalf of Landlord during the Term without representation or warranty and subject to a confidentiality agreement. Tenant shall, at its sole cost and expense, promptly and satisfactorily remediate any environmental conditions identified by such testing in accordance with all Environmental Requirements. Landlord's receipt of or satisfaction with any environmental assessment in no way waives any rights which Landlord may have against Tenant.

(e) **Disclosure Regarding Hazardous Materials.** Section 25359.7 of the California Health and Safety Code requires owners of nonresidential property who know or have reasonable cause to believe that a release of Hazardous Materials have come to be located on or beneath real property to provide written notice of that condition to tenants. Accordingly, please be advised that Hazardous Materials including total petroleum hydrocarbons (TPH) as diesel, motor oil and gasoline, polychlorinated biphenyls (PCBs), phenol, volatile organic compounds (VOCs) including tetrachloroethene (PCE), benzene, toluene and xylenes, and metals including lead, chromium, nickel and arsenic are documented to be present in soil at the Property and toluene and total petroleum hydrocarbons as diesel (TPH-d) are found in groundwater (collectively, the "Environmental Condition"). The San Mateo County Environmental Health Department issued a "no further action" letter in 2002.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

Tenant acknowledges and agrees that Tenant has been provided with an adequate opportunity to retain its own consultants and experts to conduct inspections and examinations of the Environmental Condition. Tenant also acknowledges that this information is a brief summary of the Environmental Condition at the Premises and is not comprehensive. By Tenant's execution of this Lease, Tenant acknowledges receipt of the foregoing notice given pursuant to Section 25359.7 of the California Health and Safety Code. The provisions of this Section shall survive the termination of the Lease.

(f) **Underground Tanks.** Tenant shall have no right to use or install any underground or other storage tanks at the Project.

(g) **Tenant's Obligations.** Tenant's obligations under this Section 30 shall survive the expiration or earlier termination of the Lease. During any period of time after the expiration or earlier termination of this Lease required by Tenant or Landlord to complete the removal from the Premises of any Hazardous Materials (including, without limitation, the release and termination of any licenses or permits restricting the use of the Premises and the completion of the approved Decommissioning and Hazmat Closure Plan), Tenant shall continue to pay the full Rent in accordance with this Lease for any portion of the Premises not relet by Landlord in Landlord's sole discretion, which Rent shall be prorated daily.

(h) **Definitions.** As used herein, the term "**Environmental Requirements**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any Governmental Authority regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the Project, or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. As used herein, the term "**Hazardous Materials**" means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, or regulated by reason of its impact or potential impact on humans, animals and/or the environment under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). As defined in Environmental Requirements, Tenant is and shall be deemed to be the "**operator**" of Tenant's "**facility**" and the "**owner**" of all Hazardous Materials brought on the Premises by Tenant or any Tenant Party, and the wastes, by-products, or residues generated, resulting, or produced therefrom.

31. **Tenant's Remedies/Limitation of Liability.** Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within 30 days after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of 30 days, then after such period of time as is reasonably necessary). Upon any default by Landlord, Tenant shall give notice by registered or certified mail to any Holder of a Mortgage covering the Premises and to any landlord of any lease of property in or on which the Premises are located and Tenant shall offer such Holder and/or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided Landlord shall have furnished to Tenant in writing the names and addresses of all such persons who are to receive such notices. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder.

Notwithstanding the foregoing, if any claimed Landlord default hereunder will immediately, materially and adversely affect Tenant's ability to conduct its business in the Premises (a "**Material Landlord Default**"), Tenant shall, as soon as reasonably possible, but in any event within 2 business days of obtaining knowledge of such claimed Material Landlord Default, give Landlord written notice of such claim which notice shall specifically state that a Material Landlord Default exists and telephonic notice to Tenant's principal contact with Landlord. Landlord shall then have 2 business days to commence cure of such claimed Material Landlord Default and shall diligently prosecute such cure to



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

completion. If such claimed Material Landlord Default is not a default by Landlord hereunder, Landlord shall be entitled to recover from Tenant, as Additional Rent, any costs incurred by Landlord in connection with such cure in excess of the costs, if any, that Landlord would otherwise have been liable to pay hereunder. If Landlord fails to commence cure of any claimed Material Landlord Default as provided above, Tenant may commence and prosecute such cure to completion provided that it does not affect any Building Systems affecting other tenants, the Building structure or Common Areas, and shall be entitled to recover the costs of such cure (but not any consequential or other damages) from Landlord by way of reimbursement from Landlord with no right to offset against Rent, to the extent of Landlord's obligation to cure such claimed Material Landlord Default hereunder, subject to the limitations set forth in the immediately preceding sentence of this paragraph and the other provisions of this Lease.

All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Premises and not thereafter. The term "**Landlord**" in this Lease shall mean only the owner for the time being of the Premises. Upon the transfer by such owner of its interest in the Premises, such owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, but such obligations shall be binding during the Term upon each new owner for the duration of such owner's ownership.

32. **Inspection and Access.** Landlord and its agents, representatives, and contractors may enter the Premises at any reasonable time to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Lease and for any other business purpose. Landlord and Landlord's representatives may enter the Premises during business hours on not less than 48 hours advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of effecting any such repairs, inspecting the Premises, showing the Premises to prospective purchasers and, during the last 18 months of the Term, to prospective tenants or for any other business purpose. Landlord may grant easements, make public dedications, designate Common Areas and create restrictions on or about the Premises, provided that no such easement, dedication, designation or restriction materially, adversely affects Tenant's use or occupancy of the Premises for the Permitted Use. At Landlord's request, Tenant shall execute such instruments as may be necessary for such easements, dedications or restrictions. Tenant shall at all times, except in the case of emergencies, have the right to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely affect Landlord's access rights hereunder.

33. **Security.** Tenant acknowledges and agrees that security devices and services, if any, while intended to deter crime may not in given instances prevent theft or other criminal acts and that Landlord is not providing any security services with respect to the Premises. Tenant agrees that Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other damage suffered or incurred by Tenant in connection with any unauthorized entry into the Premises or any other breach of security with respect to the Premises. Tenant shall be solely responsible for the personal safety of Tenant's officers, employees, agents, contractors, guests and invitees while any such person is in, on or about the Premises and/or the Project. Tenant shall at Tenant's cost obtain insurance coverage to the extent Tenant desires protection against such criminal acts.

34. **Force Majeure.** Except for the payment of Rent, neither Landlord nor Tenant shall be held responsible or liable for delays in the performance of its obligations hereunder when caused by, related to, or arising out of acts of God, sinkholes or subsidence, strikes, lockouts, or other labor disputes, embargoes, quarantines, weather, national, regional, or local disasters, calamities, or catastrophes, inability to obtain labor or materials (or reasonable substitutes therefor) at reasonable costs or failure of, or inability to obtain, utilities necessary for performance, governmental restrictions, orders, limitations, regulations, or controls, national emergencies, delay in issuance or revocation of permits, enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, fire or other casualty, and other causes or events beyond their reasonable control ("**Force Majeure**").



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

35. **Brokers.** Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, “**Broker**”) in connection with this transaction and that no Broker brought about this transaction, other than Flinn Ferguson Cresa, CBRE and Jones Lang LaSalle. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker, other than Flinn Ferguson Cresa, CBRE and Jones Lang LaSalle, claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this leasing transaction. Landlord shall be responsible for all commissions due to Flinn Ferguson Cresa, CBRE and Jones Lang LaSalle arising out of the execution of this Lease in accordance with the terms of a separate written agreement between Flinn Ferguson Cresa, CBRE and Jones Lang LaSalle, on the one hand, and Landlord, on the other hand.

36. **Limitation on Landlord’s Liability.** NOTWITHSTANDING ANYTHING SET FORTH HEREIN OR IN ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT TO THE CONTRARY: (A) LANDLORD SHALL NOT BE LIABLE TO TENANT OR ANY OTHER PERSON FOR (AND TENANT AND EACH SUCH OTHER PERSON ASSUME ALL RISK OF) LOSS, DAMAGE OR INJURY, WHETHER ACTUAL OR CONSEQUENTIAL TO: TENANT’S PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION, INCLUDING, WITHOUT LIMITATION TRADE FIXTURES, EQUIPMENT, INVENTORY, SCIENTIFIC RESEARCH, SCIENTIFIC EXPERIMENTS, LABORATORY ANIMALS, PRODUCT, SPECIMENS, SAMPLES, AND/OR SCIENTIFIC, BUSINESS, ACCOUNTING AND OTHER RECORDS OF EVERY KIND AND DESCRIPTION KEPT AT THE PREMISES AND ANY AND ALL INCOME DERIVED OR DERIVABLE THEREFROM; (B) THERE SHALL BE NO PERSONAL RECOURSE TO LANDLORD FOR ANY ACT OR OCCURRENCE IN, ON OR ABOUT THE PREMISES OR ARISING IN ANY WAY UNDER THIS LEASE OR ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ANY LIABILITY OF LANDLORD HEREUNDER SHALL BE STRICTLY LIMITED SOLELY TO LANDLORD’S INTEREST IN THE PROJECT OR ANY PROCEEDS FROM SALE OR CONDEMNATION THEREOF AND ANY INSURANCE PROCEEDS PAYABLE IN RESPECT OF LANDLORD’S INTEREST IN THE PROJECT OR IN CONNECTION WITH ANY SUCH LOSS; AND (C) IN NO EVENT SHALL ANY PERSONAL LIABILITY BE ASSERTED AGAINST LANDLORD IN CONNECTION WITH THIS LEASE NOR SHALL ANY RECOURSE BE HAD TO ANY OTHER PROPERTY OR ASSETS OF LANDLORD OR ANY OF LANDLORD’S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LANDLORD OR ANY OF LANDLORD’S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE FOR INJURY TO TENANT’S BUSINESS OR FOR ANY LOSS OF INCOME OR PROFIT THEREFROM.

37. **Severability.** If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in effect to such illegal, invalid or unenforceable clause or provision as shall be legal, valid and enforceable.

38. **Signs; Exterior Appearance.** Tenant shall not, without the prior written consent of Landlord, which may be granted or withheld in Landlord’s reasonable discretion: (i) attach any awnings, exterior lights, decorations, balloons, flags, pennants, banners, painting or other projection to any outside wall of the Project, (ii) use any curtains, blinds, shades or screens other than Landlord’s standard window coverings, (iii) coat or otherwise sunscreen the interior or exterior of any windows, (iv) place any bottles, parcels, or other articles on the window sills, (v) place any equipment, furniture or other items of personal property on any exterior balcony, or (vi) paint, affix or exhibit on any part of the Premises or the Project any signs, notices, window or door lettering, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Premises. Interior signs on doors and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at the sole cost and expense of Tenant, and shall be of a size, color and type acceptable to Landlord. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord’s standard lettering.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

Tenant shall also have the right to display, at Tenant's cost and expense, a sign bearing Tenant's name and/or logo at a location on the Building top designated by Landlord. Notwithstanding the foregoing, Tenant acknowledges and agrees that Tenant's name signage on the Building including, without limitation, the size, color and type, shall be subject to Landlord's prior written approval and shall be consistent with Landlord's signage program at the Project and applicable Legal Requirements. Tenant shall be responsible, at Tenant's sole cost and expense, for the maintenance of Tenant's signs, for the removal of Tenant's signs at the expiration or earlier termination of this Lease and for the repair all damage resulting from such removal.

39. **Right to Extend Term.** Tenant shall have the right to extend the Term of this Lease upon the following terms and conditions:

(a) **Extension Rights.** Tenant shall have 1 right (the "**Extension Right**") to extend the term of this Lease for 120 months (the "**Extension Term**") on the same terms and conditions as this Lease (other than with respect to Base Rent and the Work Letter) by giving Landlord written notice of its election to exercise each Extension Right at least 12 months prior, and no earlier than 15 months prior, to the expiration of the Base Term of this Lease.

Upon the commencement of any Extension Term, Base Rent shall be payable at the Market Rate (as defined below). Base Rent shall thereafter be adjusted on each annual anniversary of the commencement of such Extension Term by a percentage as determined by Landlord and agreed to by Tenant at the time the Market Rate is determined. As used herein, "**Market Rate**" shall mean the rate that comparable landlords of comparable buildings have accepted in current transactions from non-equity (i.e., not being offered equity in the buildings) and nonaffiliated tenants of similar financial strength for space of comparable size, quality (including all Tenant Improvements, Alterations and other improvements) and floor height in Class A laboratory/office buildings in the South San Francisco area for a comparable term, with the determination of the Market Rate to take into account all relevant factors, including tenant inducements, views, available amenities, parking costs, leasing commissions, allowances or concessions, if any.

If, on or before the date which is 270 days prior to the expiration of the Base Term of this Lease, Tenant has not agreed with Landlord's determination of the Market Rate and the rent escalations during the Extension Term after negotiating in good faith, Tenant shall be deemed to have elected arbitration as described in Section 40(b). Tenant acknowledges and agrees that, if Tenant has elected to exercise the Extension Right by delivering notice to Landlord as required in this Section 40(a), Tenant shall have no right thereafter to rescind or elect not to extend the term of this Lease for the Extension Term.

(b) **Arbitration.**

(i) Within 10 days of Tenant's notice to Landlord of its election (or deemed election) to arbitrate Market Rate and escalations, each party shall deliver to the other a proposal containing the Market Rate and escalations that the submitting party believes to be correct ("**Extension Proposal**"). If either party fails to timely submit an Extension Proposal, the other party's submitted proposal shall determine the Base Rent and escalations for the Extension Term. If both parties submit Extension Proposals, then Landlord and Tenant shall meet within 7 days after delivery of the last Extension Proposal and make a good faith attempt to mutually appoint a single Arbitrator (and defined below) to determine the Market Rate and escalations. If Landlord and Tenant are unable to agree upon a single Arbitrator, then each shall, by written notice delivered to the other within 10 days after the meeting, select an Arbitrator. If either party fails to timely give notice of its selection for an Arbitrator, the other party's submitted proposal shall determine the Base Rent for the Extension Term. The 2 Arbitrators so appointed shall, within 5 business days after their appointment, appoint a third Arbitrator. If the 2 Arbitrators so selected cannot agree on the selection of the third Arbitrator within the time above specified, then either party, on behalf of both parties, may request such appointment of such third Arbitrator by application to any state court of general jurisdiction in the jurisdiction in which the Premises are located, upon 10 days prior written notice to the other party of such intent.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Net Laboratory

(ii) The decision of the Arbitrator(s) shall be made within 30 days after the appointment of a single Arbitrator or the third Arbitrator, as applicable. The decision of the single Arbitrator shall be final and binding upon the parties. The average of the two closest Arbitrators in a three Arbitrator panel shall be final and binding upon the parties. Each party shall pay the fees and expenses of the Arbitrator appointed by or on behalf of such party and the fees and expenses of the third Arbitrator shall be borne equally by both parties. If the Market Rate and escalations are not determined by the first day of the Extension Term, then Tenant shall pay Landlord Base Rent in an amount equal to the Base Rent in effect immediately prior to the Extension Term and increased by the Rent Adjustment Percentage until such determination is made. After the determination of the Market Rate and escalations, the parties shall make any necessary adjustments to such payments made by Tenant. Landlord and Tenant shall then execute an amendment recognizing the Market Rate and escalations for the Extension Term.

(iii) An “**Arbitrator**” shall be any person appointed by or on behalf of either party or appointed pursuant to the provisions hereof and: (i) shall be (A) a member of the American Institute of Real Estate Appraisers with not less than 10 years of experience in the appraisal of improved office and high tech industrial real estate in the San Francisco peninsula area, or (B) a licensed commercial real estate broker with not less than 15 years’ experience representing landlords and/or tenants in the leasing of high tech or life sciences space in the San Francisco peninsula area, (ii) devoting substantially all of their time to professional appraisal or brokerage work, as applicable, at the time of appointment and (iii) be in all respects impartial and disinterested.

(c) **Rights Personal.** The Extension Right is personal to Tenant and is not assignable without Landlord’s consent, which may be granted or withheld in Landlord’s sole discretion separate and apart from any consent by Landlord to an assignment of Tenant’s interest in this Lease, except that they may be assigned in connection with any Permitted Assignment of this Lease.

(d) **Exceptions.** Notwithstanding anything set forth above to the contrary, the Extension Right shall, at Landlord’s option, not be in effect and Tenant may not exercise any of the Extension Right:

(i) during any period of time that Tenant is in Default under any provision of this Lease; or

(ii) if Tenant has been in Default under any provision of this Lease 3 or more times, whether or not the Defaults are cured, during the 12 month period immediately prior to the date that Tenant intends to exercise the Extension Right, whether or not the Defaults are cured.

(e) **No Extensions.** The period of time within which the Extension Right may be exercised shall not be extended or enlarged by reason of Tenant’s inability to exercise the Extension Right.

(f) **Termination.** The Extension Right shall, at Landlord’s option, terminate and be of no further force or effect even after Tenant’s due and timely exercise of the Extension Right, if, after such exercise, but prior to the commencement date of the Extension Term, (i) Tenant fails to timely cure any default by Tenant under this Lease; or (ii) Tenant has Defaulted 3 or more times during the period from the date of the exercise of the Extension Right to the date of the commencement of the Extension Term, whether or not such Defaults are cured.

## 40. Miscellaneous.

(a) **Notices.** All notices or other communications between the parties shall be in writing and shall be deemed duly given upon delivery or refusal to accept delivery by the addressee thereof if



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

delivered in person, or upon actual receipt if delivered by reputable overnight guaranty courier, addressed and sent to the parties at their addresses set forth above. Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(b) **Joint and Several Liability.** If and when included within the term “**Tenant,**” as used in this instrument, there is more than one person or entity, each shall be jointly and severally liable for the obligations of Tenant.

(c) **Financial Information.** Starting with reports generated at the end of Tenant’s 2019 fiscal year, Tenant shall furnish Landlord with true and complete copies of (i) Tenant’s most recent audited annual financial statements within 90 days of the end of each of Tenant’s fiscal years during the Term, (ii) Tenant’s most recent unaudited quarterly financial statements within 45 days of the end of each of Tenant’s first three fiscal quarters of each of Tenant’s fiscal years during the Term, and (iii) corporate brochures and/or profiles prepared by Tenant for prospective investors, if available. So long as Tenant is a “public company” and its financial information is publicly available, then the foregoing delivery requirements of this **Section 40(c)** shall not apply. Landlord shall treat Tenant’s financial information as confidential information belonging to Tenant and will not disclose the same other than on a need-to-know basis to Landlord’s affiliates, legal, financial or tax advisors, consultants, potential lenders and potential purchasers and as required by Legal Requirements.

(d) **Recordation.** Neither this Lease nor a memorandum of lease shall be filed by or on behalf of Tenant in any public record. Landlord may prepare and file, and upon request by Landlord Tenant will execute, a memorandum of lease.

(e) **Interpretation.** The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(f) **Not Binding Until Executed.** The submission by Landlord to Tenant of this Lease shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any right or impose any obligations upon either party until execution of this Lease by both parties.

(g) **Limitations on Interest.** It is expressly the intent of Landlord and Tenant at all times to comply with applicable law governing the maximum rate or amount of any interest payable on or in connection with this Lease. If applicable law is ever judicially interpreted so as to render usurious any interest called for under this Lease, or contracted for, charged, taken, reserved, or received with respect to this Lease, then it is Landlord’s and Tenant’s express intent that all excess amounts theretofore collected by Landlord be credited on the applicable obligation (or, if the obligation has been or would thereby be paid in full, refunded to Tenant), and the provisions of this Lease immediately shall be deemed reformed and the amounts thereafter collectible hereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder.

(h) **Choice of Law.** Construction and interpretation of this Lease shall be governed by the internal laws of the state in which the Premises are located, excluding any principles of conflicts of laws.

(i) **Time.** Time is of the essence as to the performance of Tenant’s obligations under this Lease.

(j) **OFAC.** Tenant and all beneficial owners of Tenant are currently (a) in compliance with and shall at all times during the Term of this Lease remain in compliance with the regulations of the Office



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

of Foreign Assets Control (“**OFAC**”) of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the “**OFAC Rules**”), (b) not listed on, and shall not during the term of this Lease be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List, or the Sectoral Sanctions Identification List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

(k) **Incorporation by Reference.** All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

(l) **Entire Agreement.** This Lease, including the exhibits attached hereto, constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, letters of intent, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth herein.

(m) **No Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of Base Rent or any Additional Rent will be other than on account of the earliest stipulated Base Rent and Additional Rent, nor will any endorsement or statement on any check or letter accompanying a check for payment of any Base Rent or Additional Rent be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord’s right to recover the balance of such Rent or to pursue any other remedy provided in this Lease.

(n) **Hazardous Activities.** Notwithstanding any other provision of this Lease, Landlord, for itself and its employees, agents and contractors, reserves the right to refuse to perform any repairs or services in any portion of the Premises which, pursuant to Tenant’s routine safety guidelines, practices or custom or prudent industry practices, require any form of protective clothing or equipment other than safety glasses. In any such case, Tenant shall contract with parties who are acceptable to Landlord, in Landlord’s reasonable discretion, for all such repairs and services, and Landlord shall, to the extent required, equitably adjust Tenant’s Share of Operating Expenses in respect of such repairs or services to reflect that Landlord is not providing such repairs or services to Tenant.

(o) **EV Charging Stations.** Landlord shall not unreasonably withhold its consent to Tenant’s written request to install 1 or more electric vehicle car charging stations (“**EV Stations**”) in the parking area serving the Project; provided, however, that Tenant complies with all reasonable requirements, standards, rules and regulations which may be imposed by Landlord, at the time Landlord’s consent is granted, in connection with Tenant’s installation, maintenance, repair and operation of such EV Stations, which may include, without limitation, the charge to Tenant of a reasonable monthly rental amount for the parking spaces used by Tenant for such EV Stations, Landlord’s designation of the location of Tenant’s EV Stations, and Tenant’s payment of all costs whether incurred by Landlord or Tenant in connection with the installation, maintenance, repair and operation of each Tenant’s EV Station(s). Nothing contained in this paragraph is intended to increase the number of parking spaces which Tenant is otherwise entitled to use at the Project under Section 10 of this Lease nor impose any additional obligations on Landlord with respect to Tenant’s parking rights at the Project.

(p) **California Accessibility Disclosure.** For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Project has not undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: “A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Laboratory

prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of and in connection with such notice: (i) Tenant, having read such notice and understanding Tenant's right to request and obtain a CASp inspection, hereby elects not to obtain such CASp inspection and forever waives its rights to obtain a CASp inspection with respect to the Premises, Building and/or Project to the extent permitted by Legal Requirements; and (ii) if the waiver set forth in clause (i) hereinabove is not enforceable pursuant to Legal Requirements, then Landlord and Tenant hereby agree as follows (which constitutes the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (A) Tenant shall have the one-time right to request for and obtain a CASp inspection, which request must be made, if at all, in a written notice delivered by Tenant to Landlord; (B) any CASp inspection timely requested by Tenant shall be conducted (1) at a time mutually agreed to by Landlord and Tenant, (2) in a professional manner by a CASp designated by Landlord and without any testing that would damage the Premises, Building or Project in any way, and (3) at Tenant's sole cost and expense, including, without limitation, Tenant's payment of the fee for such CASp inspection, the fee for any reports prepared by the CASp in connection with such CASp inspection (collectively, the "CASp Reports") and all other costs and expenses in connection therewith; (C) the CASp Reports shall be delivered by the CASp simultaneously to Landlord and Tenant; (D) Tenant, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Premises to correct violations of construction-related accessibility standards including, without limitation, any violations disclosed by such CASp inspection; and (E) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of construction-related accessibility standards relating to those items of the Building and Project located outside the Premises that are Landlord's obligation to repair as set forth in this Lease, then Landlord shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by Legal Requirements to correct such violations, and Tenant shall reimburse Landlord for the cost of such improvements, alterations, modifications and/or repairs within 10 business days after Tenant's receipt of an invoice therefor from Landlord.

(q) **Counterparts.** This Lease may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this Lease and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

[REMAINDER OF PAGE LEFT BLANK]



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

**TENANT:**

**LYELL IMMUNOPHARMA, INC.,**  
a Delaware corporation

By: /s/ Elizabeth Homans

Its: CEO

**LANDLORD:**

**ARE-SAN FRANCISCO NO. 65, LLC,**  
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,  
a Delaware limited partnership, managing member

By: ARE-QRS CORP.,  
a Maryland corporation,  
general partner

By: /s/ Allison Grochola

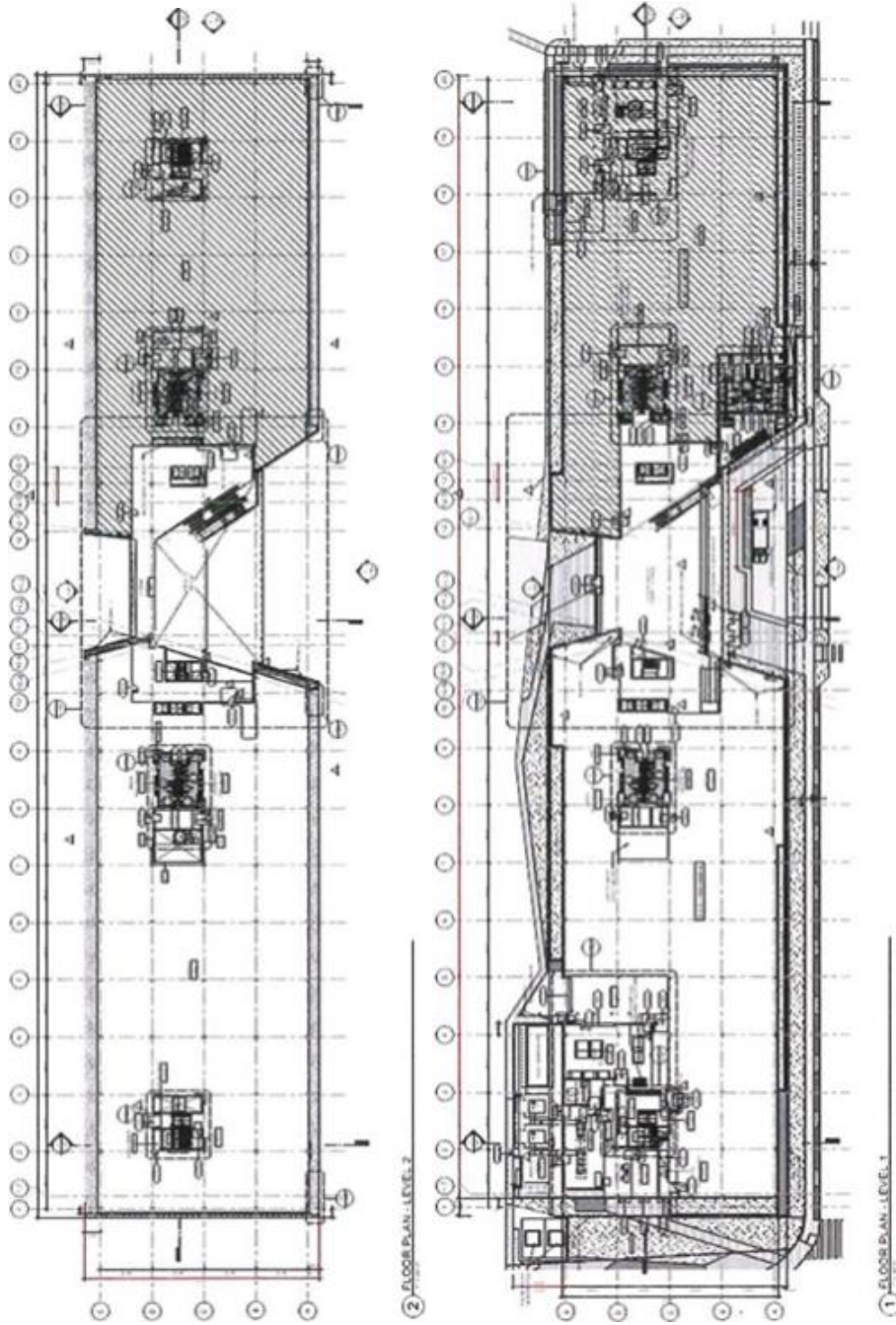
Its: Allison Grochola  
Vice President  
RE Legal Affairs



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

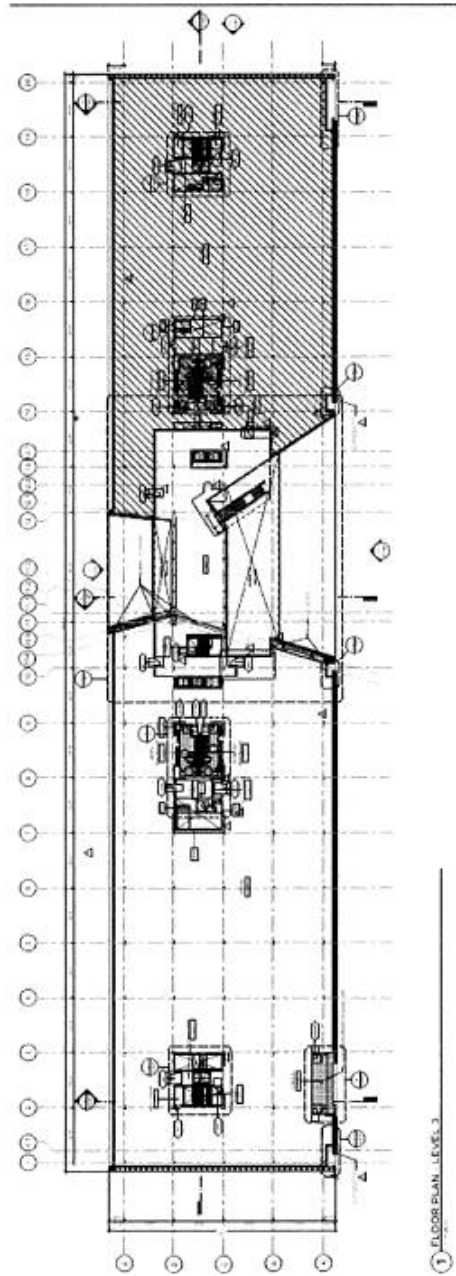
EXHIBIT A TO LEASE

DESCRIPTION OF PREMISES



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
- Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.





Copyright © 2005, Alexandria Real Estate Equities, Inc.  
 ALL RIGHTS RESERVED. Confidential and Proprietary  
 – Do Not Copy or Distribute. Alexandria and the  
 Alexandria Logo are registered trademarks of Alexandria  
 Real Estate Equities, Inc.

**EXHIBIT B TO LEASE**

**DESCRIPTION OF PROJECT**

Real property in the City of South San Francisco, County of San Mateo, State of California, described as follows:

Parcel 4, as shown on the Parcel Map filed on June 7, 1979 in Book 47 of Parcel Maps at Pages 4 and 5, San Mateo County Records.

APN: 015-102-230



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



EXHIBIT C TO LEASE

WORK LETTER

THIS WORK LETTER (this “**Work Letter**”) is incorporated into that certain Lease Agreement (the “**Lease**”) dated as of August 15, 2019 by and between **ARE-SAN FRANCISCO NO. 65, LLC**, a Delaware limited liability company (“**Landlord**”), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation (“**Tenant**”). Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

1. **General Requirements.**

(a) Tenant designates Geoff Quinn and Dan McCauley (either such individual acting alone, “**Tenant’s Representative**”) as the only persons authorized to act for Tenant pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any request, approval, inquiry or other communication (“**Communication**”) from or on behalf of Tenant in connection with this Work Letter unless such Communication is in writing from Tenant’s Representative. Tenant may change either Tenant’s Representative at any time upon not less than 5 business days advance written notice to Landlord.

(b) **Landlord’s Authorized Representative.** Landlord designates Toon Jordan and Todd Miller (either such individual acting alone, “**Landlord’s Representative**”) as the only persons authorized to act for Landlord pursuant to this Work Letter. Tenant shall not be obligated to respond to or act upon any request, approval, inquiry or other Communication from or on behalf of Landlord in connection with this Work Letter unless such Communication is in writing from Landlord’s Representative. Landlord may change either Landlord’s Representative at any time upon not less than 5 business days advance written notice to Tenant.

(c) **Architects, Consultants and Contractors.** Landlord and Tenant hereby acknowledge and agree that the architect (the “**TI Architect**”) for the Tenant Improvements (as defined in Section 2(a) below), the general contractor and any subcontractors for the Tenant Improvements shall be selected by Tenant, subject to Landlord’s approval, which approval shall not be unreasonably withheld, conditioned or delayed. The following architects and contractors are pre-approved: DGA, SABArchitects, Perkins + Will, Flad Architects, Ferguson Pape Baldwin Architects (FPBA), Truebeck Construction, Skanska, DPR, Novo Construction, and XL Construction. Landlord shall be named a third party beneficiary of any contract entered into by Tenant with the TI Architect, any consultant, any contractor or any subcontractor, and of any warranty made by any contractor or any subcontractor.

WRNS Studio shall be the architect for Landlord’s Work (as defined below) and Truebeck Construction, Inc. shall be the general contractor for Landlord’s Work. Landlord shall select any subcontractors for Landlord’s Work in Landlord’s sole and absolute discretion.

2. **Landlord’s Work and Tenant Improvements.**

(a) **Landlord’s Work and Tenant Improvements Defined.** As used herein, (i) “**Landlord’s Work**” shall mean the design and construction of the building shell (“**Building Shell**”) consisting of the elements described on the Basis of Design attached hereto as **Schedule 1** for categories of “Cold Shell” and “Full Shell Warm Up”(collectively, the “**Basis of Design**”) and the plans attached hereto as **Schedule 2** (“**Building Shell Construction Drawings**”), and (ii) “**Tenant Improvements**” shall mean the design and construction of improvements to the Premises of a fixed and permanent nature as more particularly provided for in this Work Letter. The design of the Building Shell shall be consistent with the Basis of Design and the Building Shell Construction Drawings described on **Schedule 1** and **Schedule 2**, respectively; provided, however, that Tenant acknowledges that Landlord may make changes to the Building Shell, as determined by Landlord in its sole and absolute discretion; provided, however, that Landlord shall not make any changes to the Building Shell that would result in (i) a material increase or



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

decrease (in excess of 5%) in the size of the Building, (ii) material changes to the Tenant Improvements reflected in the approved TI Construction Drawings, (iii) a material increase in the cost of the Tenant Improvements (as reflected in the Budget (as defined in Section 5(a) below)), (iv) a material delay in the schedule for the construction of the Tenant Improvements, or (v) require material changes to the Space Plans or TI Construction Drawings, without Tenant's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall promptly notify Tenant in writing of any anticipated material changes to be made by Landlord to the Building Shell that could result in any of changes contemplated in subsections (i) through (v) above. Notwithstanding anything to the contrary contained herein, Landlord is under no obligation to make any changes that may be requested by Tenant to the Building Shell. Other than (i) completing Landlord's Work, at Landlord's sole cost and expense, and (ii) funding the TI Allowance, Landlord shall not have any obligation whatsoever with respect to the finishing of the Premises or the Project for Tenant's use and occupancy.

Notwithstanding anything to the contrary contained in the Lease, Tenant's taking Delivery of the Premises shall not constitute a waiver of: (i) any warranty with respect to workmanship (including installation of equipment) or material (exclusive of equipment provided directly by manufacturers), (ii) any non-compliance of Landlord's Work with applicable Legal Requirements, or (iii) any claim that Landlord's Work was not completed substantially in accordance with the Building Shell plans (collectively, a "**Construction Defect**"). Tenant shall have one year after Tenant Improvement Work Readiness Condition within which to notify Landlord of any such Construction Defect discovered by Tenant, and Landlord shall use reasonable efforts to remedy or cause the responsible contractor to remedy any such Construction Defect within 30 days thereafter. Notwithstanding the foregoing, Landlord shall not be in default under the Lease if the applicable contractor, despite Landlord's reasonable efforts, fails to remedy such Construction Defect within such 30-day period, in which case Landlord shall, at Landlord's sole cost and expense, continue to use reasonable efforts to cause such Construction Defect to be remedied within a reasonable period.

Tenant shall be entitled to receive the benefit of all construction warranties and manufacturer's equipment warranties issued to Landlord relating to equipment installed in the Premises. If requested by Tenant, Landlord shall attempt to obtain extended warranties from manufacturers and suppliers of such equipment, but the cost of any such extended warranties shall be borne solely by Tenant. Landlord shall promptly undertake and complete, or cause to be completed, all punch list items related to Landlord's Work.

(b) **Tenant's Space Plans.** Tenant shall deliver to Landlord schematic drawings and outline specifications (the "**Space Plans**") detailing Tenant's requirements for the Tenant Improvements using a shared BIM model within 90 days of the date hereof. The BIM model and the Space Plans shall be subject to Landlord's approval, which shall not be unreasonably withheld, conditioned or delayed. Not more than 10 business days thereafter, Landlord shall deliver to Tenant the reasonable written objections, questions or comments of Landlord and the TI Architect with regard to the Space Plans. Tenant shall cause the Space Plans to be revised to address such written comments and shall resubmit said drawings to Landlord for approval within 30 days thereafter. Such process shall continue until Landlord has approved the Space Plans. Landlord and Tenant acknowledge and agree that the Tenant Improvements shall comply in all respects with the LEED Standards set forth on **Schedule 3** attached hereto.

(c) **Working Drawings.** Tenant shall cause the TI Architect to prepare and deliver to Landlord for review and comment construction plans, specifications and drawings for the Tenant Improvements ("**TI Construction Drawings**"), which TI Construction Drawings shall be prepared substantially in accordance with the Space Plans. Tenant shall be solely responsible for ensuring that the TI Construction Drawings reflect Tenant's requirements for the Tenant Improvements. Landlord shall deliver its written comments on the TI Construction Drawings to Tenant not later than 10 business days after Landlord's receipt of the same; provided, however, that Landlord may not disapprove any matter that is consistent with the Space Plans. Tenant and the TI Architect shall consider all such comments in good faith and shall, within 10 business days after receipt, notify Landlord how Tenant proposes to respond to such comments. Any disputes in connection with such comments shall be resolved in accordance with Section 2(d) hereof. Provided that the design reflected in the TI Construction Drawings is consistent with



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

the Space Plans, Landlord shall approve the TI Construction Drawings submitted by Tenant. Once approved by Landlord, subject to the provisions of [Section 4](#) below, Tenant shall not materially modify the TI Construction Drawings except as may be reasonably required in connection with the issuance of the TI Permit (as defined in [Section 3\(a\)](#) below).

(d) **Approval and Completion.** If any dispute regarding the design of the Tenant Improvements is not settled within 10 business days after notice of such dispute is delivered by one party to the other, Tenant may make the final decision regarding the design of the Tenant Improvements, provided (i) Tenant acts reasonably and such final decision is either consistent with or a compromise between Landlord's and Tenant's positions with respect to such dispute, (ii) that all costs and expenses resulting from any such decision by Tenant shall be payable out of the TI Fund (as defined in [Section 5\(d\)](#) below), and (iii) Tenant's decision will not adversely affect the base Building, structural components of the Building or any Building systems (in which case Landlord shall make the final decision). Any changes to the TI Construction Drawings following Landlord's and Tenant's approval of same requested by Tenant shall be processed as provided in [Section 4](#) hereof.

(e) **Coordination Obligations.** Tenant acknowledges that Landlord shall continue to require access to the Building following Landlord's delivery to Tenant of the Premises for the construction of the Tenant Improvements in order to complete Landlord's Work. "**Tenant Improvement Work Readiness Condition**" shall be deemed to have occurred when the Premises is delivered to Tenant with Landlord's Work at such a point at which the core and shell of the Building are in a condition such that Tenant may construct the Tenant Improvements without unreasonable interference from Landlord. Commencing on the Commencement Date, Landlord and Tenant shall work together in a cooperative manner, and shall likewise require each of their respective architects and engineers and contractors to work together in a cooperative manner, to coordinate the remaining Landlord's Work and the Tenant Improvements to minimize interference with Tenant's performance of Tenant's Work and Landlord's performance of Landlord's Work, respectively, and to achieve the substantial completion of all such work in as prompt and efficient manner as reasonably practicable.

### 3. Performance of the Tenant Improvements.

(a) **Commencement and Permitting of the Tenant Improvements.** Tenant shall commence construction of the Tenant Improvements upon obtaining and delivering to Landlord a building permit (the "**TI Permit**") authorizing the construction of the Tenant Improvements consistent with the TI Construction Drawings approved by Landlord. The cost of obtaining the TI Permit shall be payable from the TI Fund. Landlord shall assist Tenant in obtaining the TI Permit. Prior to the commencement of the Tenant Improvements, Tenant shall deliver to Landlord a copy of any contract with Tenant's contractors (including the TI Architect), and certificates of insurance from any contractor performing any part of the Tenant Improvement evidencing industry standard commercial general liability, automotive liability, "builder's risk", and workers' compensation insurance. Tenant shall cause the general contractor to provide a certificate of insurance naming Landlord, Alexandria Real Estate Equities, Inc., and Landlord's lender (if any) as additional insureds for the general contractor's liability coverages required above.

(b) **Selection of Materials, Etc.** Where more than one type of material or structure is indicated on the TI Construction Drawings approved by Tenant and Landlord, the option will be within Tenant's reasonable discretion if the matter concerns the Tenant Improvements, and within Landlord's sole and absolute subjective discretion if the matter concerns the structural components of the Building or any Building system.

(c) **Tenant Liability.** Tenant shall be responsible for correcting any deficiencies or defects in the Tenant Improvements.

(d) **Substantial Completion.** Tenant shall substantially complete or cause to be substantially completed the Tenant Improvements in a good and workmanlike manner, in accordance with the TI Permit subject, in each case, to Minor Variations and normal "punch list" items of a non-material



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

nature which do not interfere with the use of the Premises (“**Substantial Completion**” or “**Substantially Complete**”). Upon Substantial Completion of the Tenant Improvements, Tenant shall require the TI Architect and the general contractor to execute and deliver, for the benefit of Tenant and Landlord, a Certificate of Substantial Completion in the form of the American Institute of Architects (“**AIA**”) document G704. For purposes of this Work Letter, “**Minor Variations**” shall mean any modifications reasonably required: (i) to comply with all applicable Legal Requirements and/or to obtain or to comply with any required permit (including the TI Permit); (ii) to comport with good design, engineering, and construction practices which are not material; or (iii) to make reasonable adjustments for field deviations or conditions encountered during the construction of the Tenant Improvements.

4. **Changes.** Any changes requested by Tenant to the Tenant Improvements after the delivery and approval by Landlord of the Space Plans, shall be requested and instituted in accordance with the provisions of this Section 4 and shall be subject to the written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

(a) **Tenant’s Right to Request Changes.** If Tenant shall request changes to the Tenant Improvements (“**Changes**”), Tenant shall request such Changes by notifying Landlord in writing in substantially the same form as the AIA standard change order form (a “**Change Request**”), which Change Request shall detail the nature and extent of any such Change. Such Change Request must be signed by Tenant’s Representative. Landlord shall review and approve or disapprove such Change Request within 10 business days thereafter, provided that Landlord’s approval shall not be unreasonably withheld, conditioned or delayed.

(b) **Implementation of Changes.** If Landlord approves such Change and Tenant deposits with Landlord any Excess TI Costs (as defined in Section 5(d) below) required in connection with such Change, Tenant may cause the approved Change to be instituted. If any TI Permit modification or change is required as a result of such Change, Tenant shall promptly provide Landlord with a copy of such TI Permit modification or change.

## 5. Costs.

(a) **Budget For Tenant Improvements.** Before the commencement of construction of the Tenant Improvements, Tenant shall obtain a detailed breakdown, by trade, of the costs incurred or that will be incurred, in connection with the design and construction of the Tenant Improvements (the “**Budget**”), and deliver a copy of the Budget to Landlord for Landlord’s approval, which shall not be unreasonably withheld or delayed. The Budget shall be based upon the TI Construction Drawings approved by Landlord. The Budget shall include a payment to Landlord of administrative rent (“**Administrative Rent**”) equal to 1% of the TI Costs (as hereinafter defined) for monitoring and inspecting the construction of the Tenant Improvements, which sum shall be payable from the TI Fund.

(b) **TI Allowance.** Landlord shall provide to Tenant a tenant improvement allowance (collectively, the “**TI Allowance**”) as follows:

1. a “**Tenant Improvement Allowance**” in the maximum amount of \$150.00 per rentable square foot in the Premises, which is included in the Base Rent set forth in the Lease; and

2. an “**Additional Tenant Improvement Allowance**” in the maximum amount of \$50.00 per rentable square foot in the Premises, which shall, to the extent used, result in TI Rent as set forth in Section 4(b) of the Lease.

Before commencing the construction of the Tenant Improvements, Tenant shall notify Landlord how much Additional Tenant Improvement Allowance Tenant has elected to receive from Landlord. Such election shall be final and binding on Tenant, and may not thereafter be modified without Landlord’s consent, which may be granted or withheld in Landlord’s sole and absolute subjective discretion. The TI Allowance shall be disbursed in accordance with this Work Letter.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

Tenant shall have no right to the use or benefit (including any reduction to Base Rent) of any portion of the TI Allowance not required for the construction of (i) the Tenant Improvements described in the TI Construction Drawings approved pursuant to Section 2(d) or (ii) any Changes pursuant to Section 4. Tenant shall have no right to any portion of the TI Allowance that is not disbursed before the last day of the month that is 21 months after the Commencement Date.

Notwithstanding anything to the contrary contained in the Lease or in this Work Letter and for the avoidance of doubt, if Landlord re-measures the Premises pursuant to Section 5 of the Lease and, through such re-measurement, determines that the rentable square footage of the Premises is larger than the rentable square footage set forth for the Premises on page 1 of the Lease (“**Additional Premises RSF**”), then Tenant shall be entitled, pursuant to Section 5(b)(1) above, to \$150.00 per rentable square foot of such Additional Premises RSF (“**Additional Premises RSF TI Allowance**”). Tenant shall have no right to any portion of the Additional Premises RSF TI Allowance that is not disbursed before the later of (i) last day of the month that is 21 months after the Commencement Date, or (ii) 90 days after the date that Landlord delivers the re-measurement notice to Tenant.

(c) **Costs Includable in TI Fund.** The TI Fund shall be used solely for the payment of design, permits and construction costs in connection with the construction of the Tenant Improvements, including, without limitation, the cost of electrical power and other utilities used in connection with the construction of the Tenant Improvements, the cost of preparing the Space Plans and the TI Construction Drawings, all costs set forth in the Budget, including Landlord’s Administrative Rent, and the cost of Changes (collectively, “**TI Costs**”). Notwithstanding anything to the contrary contained herein, the TI Fund shall not be used to purchase any furniture, personal property or other non-Building system materials or equipment, including, but not be limited to, Tenant’s voice or data cabling, non-ducted biological safety cabinets and other scientific equipment not incorporated into the Tenant Improvements.

(d) **Excess TI Costs.** Landlord shall have no obligation to bear any portion of the cost of any of the Tenant Improvements except to the extent of the TI Allowance. If at any time and from time-to-time, the remaining TI Costs under the Budget exceed the remaining unexpended TI Allowance (“**Excess TI Costs**”), monthly disbursements of the TI Allowance shall be made in the proportion that the remaining TI Allowance bears to the outstanding TI Costs under the Budget, and Tenant shall fund the balance of each such monthly draw. For purposes of any litigation instituted with regard to such amounts, those amounts required to be paid by Tenant will be deemed Rent under the Lease. The TI Allowance and Excess TI Costs are herein referred to as the “**TI Fund**.” Notwithstanding anything to the contrary set forth in this Section 5(d), Tenant shall be fully and solely liable for TI Costs and the cost of Minor Variations in excess of the TI Allowance.

(e) **Payment for TI Costs.** During the course of design and construction of the Tenant Improvements, subject to the terms of Section 5(d), Landlord shall reimburse Tenant for TI Costs once a month against a draw request in Landlord’s standard form, containing evidence of payment of such TI Costs by Tenant and such certifications, lien waivers (including a conditional lien release for each progress payment and unconditional lien releases for the prior month’s progress payments), inspection reports and other matters as Landlord customarily obtains, to the extent of Landlord’s approval thereof for payment, no later than 30 days following receipt of such draw request. Upon completion of the Tenant Improvements (and prior to any final disbursement of the TI Fund), Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and first tier subcontractors who did the work and final, unconditional lien waivers from all such contractors and first tier subcontractors; (ii) as-built plans (one copy in print format and two copies in electronic CAD format) for such Tenant Improvements; (iii) a certification of substantial completion in Form AIA G704, (iv) a certificate of occupancy for the Premises; and (v) copies of all operation and maintenance manuals and warranties affecting the Premises.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

### 6. Miscellaneous.

- (a) **Consents.** Whenever consent or approval of either party is required under this Work Letter, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth herein to the contrary.
- (b) **Modification.** No modification, waiver or amendment of this Work Letter or of any of its conditions or provisions shall be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.
- (c) **No Default Funding.** In no event shall Landlord have any obligation to fund any portion of the TI Allowance during any period that Tenant is in Default under the Lease.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**Schedule 1**

**Basis of Design**

**201 Haskins MEP and Structural Design Description**

**02/04/2019**

**MECHANICAL**

- Landlord provided on floor once through AHU(s) with economizer capable of providing 8 ACH for laboratory and 1.33 AHU for laboratory support office space for heating and cooling depending on HVAC system typology. AHU(s) for atrium shall meet code requirements for air changes and be recirculating type with economizer.
- AHU will include MERV 13 filtration.
- Landlord will provide chillers for the base building load based on the estimated peak day load established by ASHRAE standards for the site.
- Chillers to be high efficiency type, consistent with ASHRAE 90.1-2010.
- Low temperature chilled water will be distributed to AHUs. Medium temperature chilled water to be installed in vertical shafts for future tenant improvement.
- System will be designed to provide N+1 redundancy for the vivarium.
- Landlord will provide cooling towers sized for the chiller loads.
- System will be designed such that cooling tower or boiler effluent shall not be re- entrained into any fresh air intake.
- Landlord provided boilers for hot water reheat for the base building load per ASHRAE standards for the site.
- Landlord will provide hot water reheat distributed down vertical shafts with valved stubs for future tenant connection.
- Landlord will provide infrastructure for lab exhaust – 100% exhaust from all lab areas to outside of the building including rooftop fans and duct risers based on the required CFM/SF of the laboratory/laboratory support office area.
- Landlord will provide a Building Management System (BMS) sufficient to allow tenant to provide lab and office zone temperature.
- **Vivarium HVAC System**
- Landlord will provide roof space and shaft space to allow separate air distribution system and exhaust for vivarium.
- Landlord will provide heat exchanger to serve as waterside economizer for the chilled water loops.
- Landlord will provide sheet metal ductwork design per SMACNA, high and low pressure supply ductwork, and return ductwork shall be galvanized metal for duct risers. Lab exhaust riser ductwork shall be compatible with exhaust materials served and potential decontamination chemicals.
- Variable Frequency Drives (VFD) will be specified for applications that either require the load to vary speed or offer operating cost efficiencies through energy savings. VFDs will be located as close as practical to their driven load and no further than the maximum feeder length suggested by the VFD manufacturer.
- Motor Control Centers (MCC) shall be NEMA 1 enclosures with gasketing.
- All motors in the base building will have a local safety disconnect switch.

**ELECTRICAL**

- Power to the buildings and garage will be provided by three (3) 480V PG&E transformers.
- The landlord provided emergency generator shall be 2000KW/2500kVA. The generator will be provided with a base-mounted belly tank capacity for an estimated 8 hours of operation. The generator shall serve the building life-safety loads as well as tenant miscellaneous standby loads. The generator will be located outside the building in a weatherproof, sound-limiting enclosure. Engine-generator will be provided with critical grade muffler and will meet exhaust emissions requirements per BAAQMD.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

- Electrical system grounding will be provided
- Lighting systems to follow Illuminating Engineering Society (IES) recommendations for light source. 75% of all light fixtures to be high efficiency LED type at minimum. Minimum illumination levels to be as follows:

Area Type Foot Candles

Rest Rooms by Landlord 30

Mechanical/Electrical Rooms by Landlord 30

- All lighting and lighting controls will be CA Title 24 compliant.
- Incorporation of the ability for future utility interface controls and equipment for demand control response for the load of the building. Busway will be utilized for floor to floor distribution. Feeder busway shall be in accordance with UL 857 and NEMA BU 1 & BU 1.1. Plug-in type feeder busway shall be limited to indoor locations and shall be totally enclosed, low impedance type, and moisture resistant. Internal ground bus bar shall not be less than 50 percent of the phase bus. All bus bars for each busway shall be within a single housing.
- Conduits will be utilized for main feeders. All conduits and fittings will have a UL Listing where available, and shall be installed in accordance with its listing.
- Above ground conduit will be ¾" trade size minimum.
- Electrical rooms will be provided on each floor and shall be stacked.
- Dedicated distribution panels and/or Motor Control Centers will serve motor loads.
- As required for core loads, general purpose transformers will be dry type, low loss, high efficiency, low impedance, copper or aluminum, 115° C temperature rise with a Class 220 UL.
- Power monitoring system as required by Title 24 with centralized system processing and graphics display will be provided (provisions for future). The power monitoring system and local power meters will include programmable alarm capabilities for each monitored parameter.
- Documentation and labeling requirements will be provided.
- Requirements for user accessible sub-metering of total electrical use will be included (provisions for future).

## PLUMBING

- Landlord will provide Potable Domestic Water risers with 1-1/2" stubs and valve on each floor. Industrial water riser by tenant. These stubs are for TI use.
- Landlord will provide for domestic cold and hot water for the landlord provided toilet cores and janitor closets. Any and all TI will need its own hot water systems
- Landlord will provide lab waste and vent risers main trunk lines for industrial sewer with stubs on each floor in (2) locations.
- Landlord will provide (2) lab waste sampling port as required by the AHJ.
- Landlord to provide backflow prevention for utility domestic and irrigation water systems.
- Landlord to provide rainwater drainage system including overflow.
- Landlord allocated real state for Tenant supplied equipment.
- Landlord provided sub metering in the gas systems.
- Landlord will provide flex connections on all utilities leaving the building for settlement per the Geotech report.
- Landlord has provided sufficient gas pressure at the meter for TI expansion. Current PG&E gas service is approved for 21,040MBTU/H @2PSIG for the site.

## TELECOMMUNICATION & DATA SYSTEMS

- Landlord will provide a main MPOE room within the facility for incoming telephone & data system. This room houses the termination of incoming Cabling from all phone and ISP providers.
- Landlord to provide data distribution risers on each floor. Tenant shall provide data distribution rooms (IDF) for data equipment the distribution of tenant provided station cabling.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Work Letter – Tenant Build

### SECURITY SYSTEM

- The Security System provided by the landlord for the facility will consist of both an Access Control system at all perimeter doors and a CCTV (Closed Circuit Television) system for the site and at all exterior doors.
- The head end will be on the UPS system.
- A separate security room will be provided on the ground floor to serve as the main entrance for the security system.
- System will be capable of expansion for future TI security needs.

### STRUCTURAL

- Deep Foundations as required to meet geotechnical and seismic requirements.
- Laboratory / office steel framed structure with mechanical penthouse.
- Structural live load: 100 PSF
- Seismic structural importance factor: 1.0
- Typical floor to floor height of 16'-0".
- Primary structural grid to be a 33'-0"x30'-0" module.
- Structural bracing for seismic bracing located around core elements.
- Construction type 1-B to be consistent with B Occupancy, ready for future conversion to L Occupancy
- Building structure will be fireproofed per code.
- Vibration: Landlord will design the amenity spaces to the standard office criteria of 16,000 MIPS. Laboratory areas will be designed to an average design criteria of 8,000 MIPS average per structural bay.

### ELEVATORS

- East Wing:
  - (2) 3,500lbs/350fpm passenger elevators
  - Destination Dispatch
  - (1) 5,000lbs/200fpm service elevator
- West Wing:
  - (3) 3,500lbs/350fpm passenger elevators
  - Destination Dispatch
  - (1) 5,000lbs/200fpm service elevator
- Elevator access at the roof level on both wings



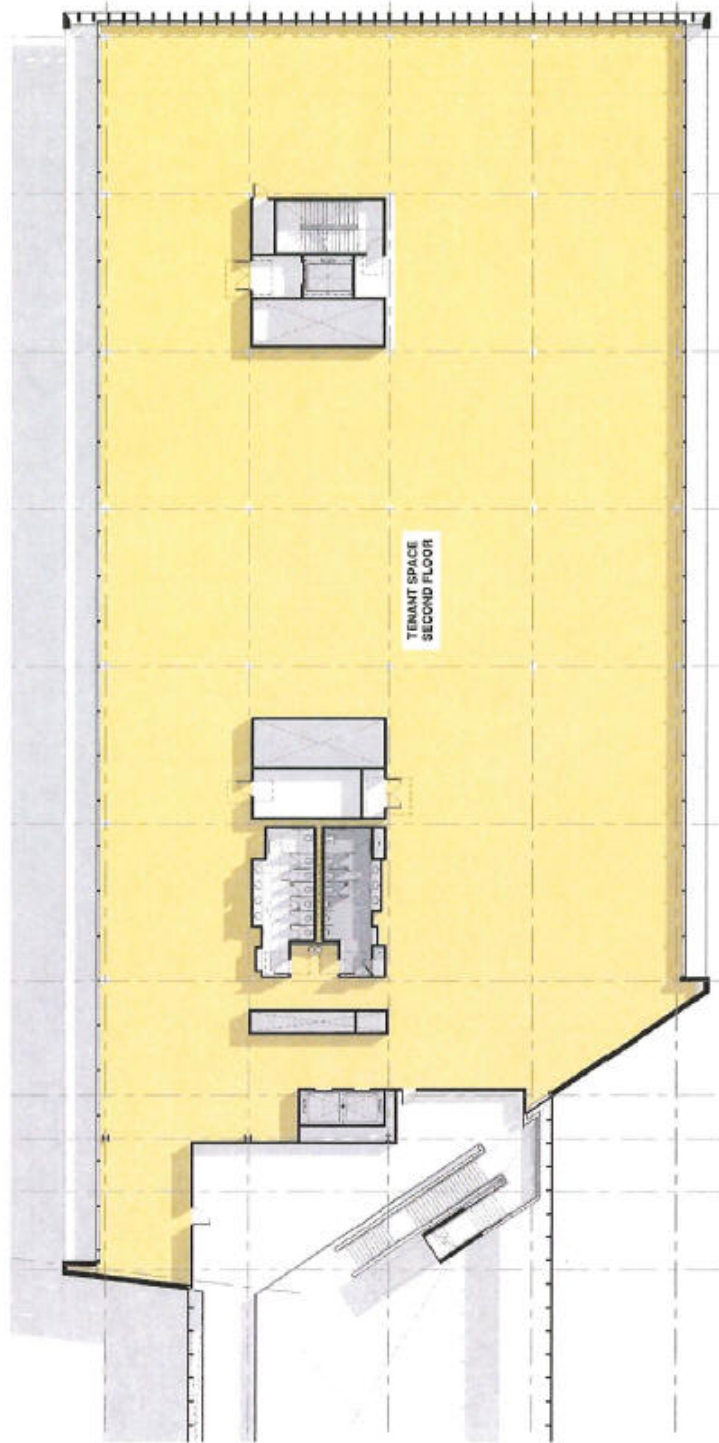
Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

Schedule 2

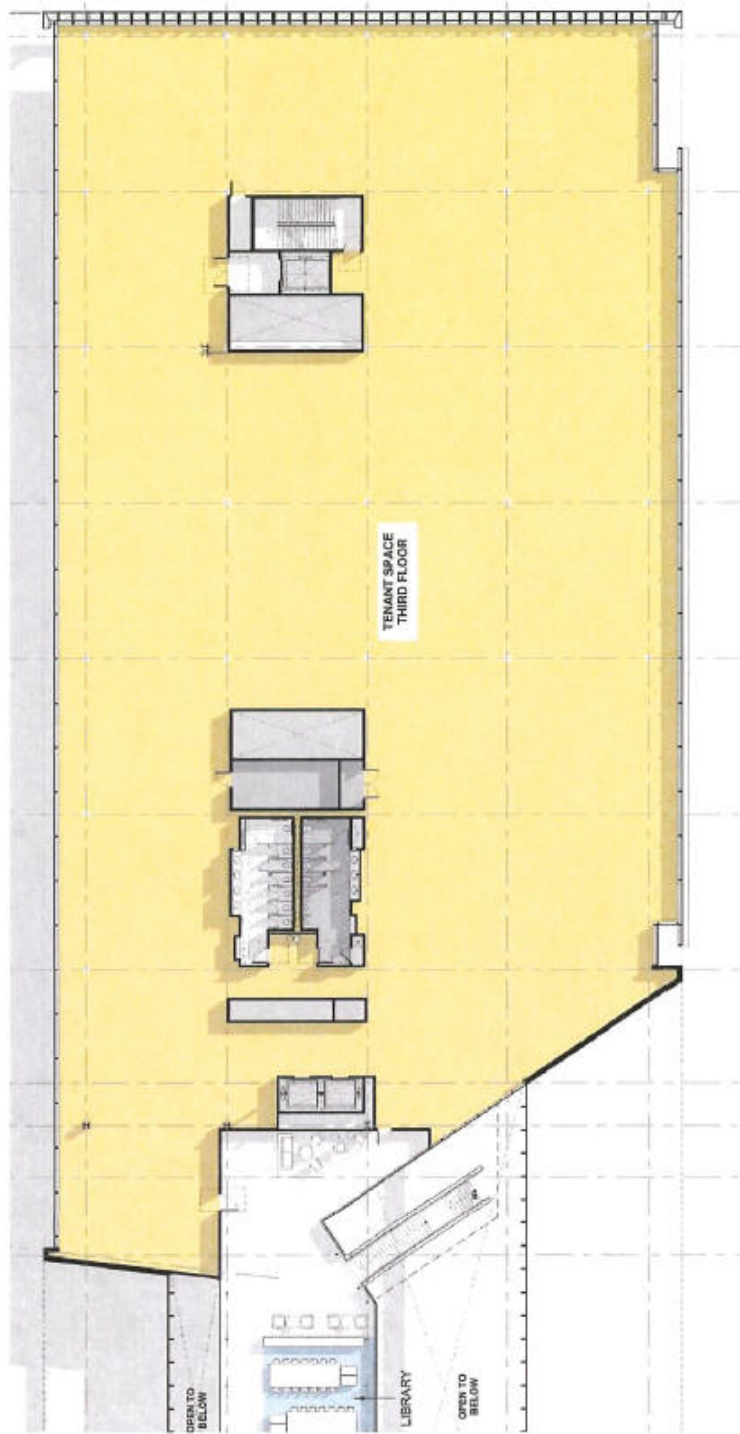
Plans



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

Schedule 3

LEED Standards

Tenant shall, at Tenant's sole cost and expense (which may include use of the TI Allowance) cause the Tenant Improvements and Tenant's operations at the Project to comply with the following LEED requirements:

(i) Mechanical Systems:

(a) Equipment efficiency must meet the minimum requirements of the current version of California Title 24 for any-equipment installed by Tenant.

(b) The HVAC systems installed as part of the Tenant Improvements must provide outdoor air quantities exceeding the most current version of ASHRAE 62.1-2010 Standard for Ventilation for Acceptable Indoor Air Quality by 30%.

(c) The HVAC systems installed as part of the Tenant Improvements must include higher efficiency filtration than is typical (MERV 13 filters).

(d) The HVAC systems installed as part of the Tenant Improvements must include controls that monitor if the Building is being adequately ventilated.

(e) The air handling units provided by Tenant shall include outdoor air flow measuring stations that will create an alarm if they are not being provided with enough fresh air. Tenant shall program the equipment to generate an alarm (either from the building automation system to the building operator, or as a visual or audible alert to the building occupants) when the outdoor air flow quantity varies by 10% or more from the design value.

(f) Tenant conference rooms or other space with a density greater than 25 people per 1000 sq ft, must include a carbon dioxide sensor since it will be most challenging to the ventilation system. The CO2 sensors must be programmed to generate an alarm (either from the building automation system to the building operator, or as a visual or audible alert to the building occupants) when the conditions vary by 10% or more from the design value.

(g) Chemical use areas such as the parking garage, housekeeping/laundry areas, copy/printing rooms, and chemical storage/mixing areas must comply with the pressurization and separation requirements listed below.

(h) The tenant HVAC and/or refrigeration equipment scope of work shall include zero use of chlorofluorocarbon (CFC)-based refrigerants in new base building heating, ventilating, air conditioning and refrigeration (HVAC&R) systems. Additionally, for all equipment over 0.5lbs of refrigerant, select refrigerants and heating, ventilating, air conditioning and refrigeration (HVAC&R) equipment that minimize or eliminate the emission of compounds that contribute to ozone depletion and global climate change such that all equipment is in compliance with the following formula:  $LCGWP + LCODP \times 105 \leq 100$

- Door Closers: Chemical use areas must be equipped with self-closing doors.
- Exhaust: Chemical use areas must be exhausted with at least 0.5 cfm/sq. ft. with no air recirculation such that the pressure differential with the surrounding areas is designed to be at least 5 Pa (0.02 inches of water gauge) on average and 1 Pa (0.004 inches of water) at a minimum when the doors to the rooms are closed.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

- (ii) Electrical Systems: Building shall have an overall maximum lighting power density of 0.5 (TBD; code is 0.8 W/SF office and 1.0 W/SF labs) watts per square foot
- (iii) Plumbing Performance and Fixtures:
- (a) Any toilets added by the Tenant shall be 1.28 Gallons per Flush (GPF) or less.
  - (b) Any Urinals added by the Tenant shall be 0.125 GPF or less.
  - (c) Any Lavatories added by the Tenant shall be 0.5 Gallons per Minute (GPM) or less, with metering faucets set to a 12 second cycle, for an equivalent flow of 0.10 gallons per cycle (GPC).
  - (d) Kitchen I Break rooms sinks shall be 1.0 GPM or less.
  - (e) Showers shall be 1.5 GPM or less.
- (iv) Smoking Policy: Smoking is prohibited in the Building and within 25 feet of the Building entrances and air intakes. Designated smoking areas may be provided at other locations on-site. The tenant must provide recycling and trash services capable of recycling mixed paper, glass, plastics, corrugated cardboard, and metals. Tenant must take appropriate measures for the safe collection, storage, and disposal of two of the following: batteries, mercury-containing lamps, and electronic waste.
- (v) Recycling: The tenant must provide recycling and trash services capable of recycling mixed paper, glass, plastics, corrugated cardboard, and metals. Tenant must take appropriate measures for the safe collection, storage, and disposal of two of the following: batteries, mercury-containing lamps, and electronic waste.
- (vi) Janitorial Services:
- (a) The Tenant is responsible for pest management services. The Tenant's pest management vendor is to implement an Integrated Pest Management Program based on the Integrated Pest Management Policy developed for the Core and Shell of this project. Refer to Attachment A - Integrated Pest Management Policy. Tenant shall provide as evidence a signed contract, financials omitted, showing that an ongoing, 2 year Integrated Pest Management is to be provided by the pest management vendor.
  - (b) The Tenant is responsible janitorial services. The Tenant's janitorial vendor is to implement a Green Cleaning Program based on the Green Cleaning Policy developed for the Core and Shell of this project. Refer to Attachment B - Green Cleaning Policy. Tenant shall provide as evidence a signed contract, financials omitted, showing that an ongoing, 2 year Green Cleaning Program is to be provided by the janitorial vendor
- (vii) Tenant Comfort Survey: The tenant shall administer an occupant comfort survey to collect anonymous responses regarding acoustics, building cleanliness, indoor air quality, lighting, and thermal comfort approximately 6-18 months after occupancy. Perform at least one survey and implement corrective actions, and perform a new survey once every two years.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**EXHIBIT D TO LEASE**

**ACKNOWLEDGMENT OF COMMENCEMENT DATE**

This **ACKNOWLEDGMENT OF COMMENCEMENT DATE** is made this     day of     ,     , between **ARE-SAN FRANCISCO NO. 65, LLC**, a Delaware limited liability company ("**Landlord**"), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation ("**Tenant**"), and is attached to and made a part of the Lease dated     ,     (the "**Lease**"), by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

Landlord and Tenant hereby acknowledge and agree, for all purposes of the Lease, that the Commencement Date of the Base Term of the Lease is     ,     , Rent Commencement Date is     ,     , and the termination date of the Base Term of the Lease shall be midnight on     ,     . In case of a conflict between the terms of the Lease and the terms of this Acknowledgment of Commencement Date, this Acknowledgment of Commencement Date shall control for all purposes.

IN WITNESS WHEREOF, Landlord and Tenant have executed this **ACKNOWLEDGMENT OF COMMENCEMENT DATE** to be effective on the date first above written.

**TENANT:**

**LYELL IMMUNOPHARMA, INC.**,  
a Delaware corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**LANDLORD:**

**ARE-SAN FRANCISCO NO. 65, LLC**,  
a Delaware limited liability company

By: **ALEXANDRIA REAL ESTATE EQUITIES, L.P.**,  
a Delaware limited partnership,  
managing member

By: **ARE-QRS CORP.**,  
a Maryland corporation,  
general partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT E TO LEASE**

**Rules and Regulations**

1. The sidewalk, entries, and driveways of the Project shall not be obstructed by Tenant, or any Tenant Party, or used by them for any purpose other than ingress and egress to and from the Premises.
2. Tenant shall not place any objects, including antennas, outdoor furniture, etc., in the parking areas, landscaped areas or other areas outside of its Premises, or on the roof of the Project, except as otherwise approved by Landlord, in Landlord's reasonably discretion.
3. Except for animals assisting the disabled, no animals shall be allowed in the offices, halls, or corridors in the Project.
4. Tenant shall not disturb the occupants of the Project or adjoining buildings by the use of any radio or musical instrument or by the making of loud or improper noises.
5. If Tenant desires telegraphic, telephonic or other electric connections in the Premises, Landlord or its agent will direct the electrician as to where and how the wires may be introduced; and, without such direction, no boring or cutting of wires will be permitted. Any such installation or connection shall be made at Tenant's expense.
6. Tenant shall not install or operate any steam or gas engine or boiler, or other mechanical apparatus in the Premises, except as specifically approved in the Lease. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited. Explosives or other articles deemed extra hazardous shall not be brought into the Project.
7. Parking any type of recreational vehicles is specifically prohibited on or about the Project. Except for the overnight parking of operative vehicles, no vehicle of any type shall be stored in the parking areas at any time. In the event that a vehicle is disabled, it shall be removed within 48 hours. There shall be no "For Sale" or other advertising signs on or about any parked vehicle. All vehicles shall be parked in the designated parking areas in conformity with all signs and other markings. All parking will be open parking, and no reserved parking, numbering or lettering of individual spaces will be permitted except as specified by Landlord.
8. Tenant shall maintain the Premises free from rodents, insects and other pests.
9. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs or who shall in any manner do any act in violation of the Rules and Regulations of the Project.
10. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitors or any other employee or person.
11. Tenant shall give Landlord prompt notice of any defects in the water, lawn sprinkler, sewage, gas pipes, electrical lights and fixtures, heating apparatus, or any other service equipment affecting the Premises.
12. Tenant shall not permit storage outside the Premises, including without limitation, outside storage of trucks and other vehicles, or dumping of waste or refuse or permit any harmful materials to be placed in any drainage system or sanitary system in or about the Premises.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Rules and Regulations

13. All moveable trash receptacles provided by the trash disposal firm for the Premises must be kept in the trash enclosure areas, if any, provided for that purpose.
14. No auction, public or private, will be permitted on the Premises or the Project.
15. No awnings shall be placed over the windows in the Premises except with the prior written consent of Landlord.
16. The Premises shall not be used for lodging, sleeping or cooking lodging, sleeping or cooking (except that Tenant may use microwave ovens, toasters and coffee makers in the Premises for the benefit of Tenant employees and contractors in areas designated for such items, but only if the use thereof is at all times supervised by the individual using the same) or for any illegal purposes or for any purpose other than that specified in the Lease. No gaming devices shall be operated in the Premises.
17. Tenant shall ascertain from Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electrical wiring in the Project and the Premises and the needs of other tenants, and shall not use more than such safe capacity. Landlord's consent to the installation of electric equipment shall not relieve Tenant from the obligation not to use more electricity than such safe capacity.
18. Tenant assumes full responsibility for protecting the Premises from theft, robbery and pilferage.
19. Tenant shall not install or operate on the Premises any machinery or mechanical devices of a nature not directly related to Tenant's ordinary use of the Premises and shall keep all such machinery free of vibration and noise which may be transmitted beyond the Premises.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**EXHIBIT F TO LEASE**

**TENANT'S PERSONAL PROPERTY**

None.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## FIRST AMENDMENT TO LEASE

This First Amendment to Lease (this **"First Amendment"**) is made as of January 11, 2021, by and between **ARE-SAN FRANCISCO NO. 65, LLC**, a Delaware limited liability company (**"Landlord"**), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation (**"Tenant"**).

### RECITALS

**A.** Landlord and Tenant have entered into that certain Lease Agreement dated as of August 15, 2019 (the **"Lease"**), wherein Landlord leases to Tenant certain premises containing approximately 105,000 rentable square feet (the **"Premises"**) located at 201 Haskins Way, South San Francisco, California, as more particularly described therein. Landlord and Tenant are also parties to a Letter Agreement dated as of August 13, 2019. Capitalized terms used herein without definition shall have the meanings defined for such terms in the Lease.

**B.** The Premises, the Building and the Project have been re-measured pursuant to the penultimate paragraph of Section 5 of the Lease.

**C.** The **"Commencement Date"** of the Lease occurred on February 1, 2020, on which date Landlord Delivered the Premises to Tenant in Tenant Improvement Work Readiness Condition.

**D.** Pursuant to the terms of the Lease, the **"Rent Commencement Date"** is scheduled to occur on the earlier of (i) the date that is 12 months after the Commencement Date, or (ii) the date that the Tenant Improvements are Substantially Completed.

**E.** Landlord and Tenant desire to amend the Lease as provided in this First Amendment.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

- Premises, Building and Project.** As of the date of this First Amendment, the defined terms **"Premises," "Rentable Area of Premises," "Rentable Area of Building"** and **"Rentable Area of Project"** set forth on page 1 of the Lease are hereby deleted in their entirety and replaced with the following:

**"Premises:** The entire building, containing approximately 108,347 rentable square feet, as shown on **Exhibit A.**"

**"Rentable Area of Premises:** 108,347 sq. ft."

**"Rentable Area of Building:** 108,347 sq. ft."

**"Rentable Area of Project:** 310,402 sq. ft."

Landlord and Tenant agree that the rentable square footage of the Premises shall not be subject to further re-measurement by either party. The rentable square footage of each premises at the Project, including the Premises, has been calculated to include its respective pro rata share of the cafe and the gym/fitness center located at the Project as part of the Project Common Amenities.

2. **Rent Commencement Date.** Landlord and Tenant hereby acknowledge and agree that, notwithstanding anything to the contrary contained in the Lease, the “**Rent Commencement Date**” of the Lease shall be April 1, 2021. For the avoidance of doubt, subject to the terms of the second paragraph of Section 3(a) of the Lease, Base Rent shall be abated during the 3 month Abatement Period immediately following the Rent Commencement Date.
3. **Operating Expenses.**
- a. As of the date of this First Amendment, the defined term “Building’s Share of Operating Expenses of Project” set forth on page 1 of the Lease is hereby deleted in its entirety and replaced with the following:
- “**Building’s Share of Operating Expenses of Project: 34.90%**”
- b. Notwithstanding anything to the contrary contained in the Lease, Tenant shall commence paying Operating Expenses pursuant to the terms of the Lease on February 1, 2021.
4. **Base Term.** The Base Term of the Lease commenced on the Commencement Date and, notwithstanding anything to the contrary contained in the Lease, shall expire on March 31, 2031.
5. **TI Allowance.** Landlord and Tenant acknowledge and agree that the Tenant Improvements may be constructed in phases and that, notwithstanding anything to the contrary contained in the Lease and the Work Letter, Tenant shall have up to December 31, 2022, to request TI Allowance disbursements, pursuant to the satisfaction of the Work Letter requirements, but shall have no right to any portion of TI Allowance that is not properly requested before December 31, 2022.
- Notwithstanding anything to the contrary contained in the Lease, Tenant shall have until December 31, 2021, to notify Landlord how much Additional Tenant Improvement Allowance Tenant has elected to receive from Landlord. Further, the second sentence of Lease Section 4(b) is hereby deleted and replaced with the following: *Commencing on the Rent Commencement Date and continuing thereafter on the first day of each month during the Base Term, Tenant shall pay the amount necessary to fully amortize the portion of the Additional Tenant Improvement Allowance actually funded by Landlord, if any, in equal monthly payments (“TI Rent”).*
6. **Permitted Use.** Notwithstanding anything to the contrary contained in the Lease, Tenant shall have the right to use a portion of the Premises as a freezer farm.
7. **Shared Space Arrangements.** As of the date of this First Amendment, the reference in the final paragraph of Section 22(b) to “15%” is hereby deleted and replaced with “33%.”
8. **Tenant’s Representative.** Notwithstanding anything to the contrary contained in Section 1(a) of the Work Letter, as of the date of this First Amendment, “**Tenant’s Representative**” shall mean Jan Beck and Donnie Royal, each of whom may act alone on behalf of Tenant in connection with the Work Letter.
9. **Recordation.** Section 40(d) is hereby deleted and replaced with the following:
- “(d) **Recordation.** This Lease shall not be filed by or on behalf of Tenant in any public record. Notwithstanding the foregoing, upon Tenant’s request and at Tenant’s sole cost and expense, Landlord shall execute and notarize a memorandum of lease prepared by Tenant which memorandum shall contain only the following information and any other additional information that may be required by applicable law: (i) the names of the parties to this Lease, (ii) description of the Premises and the Project, and (iii) the Term. Tenant shall file such memorandum of lease, at Tenant’s sole cost. If Tenant fails, after written request from Landlord, to record a termination

of the memorandum on the expiration or earlier termination of this Lease, Tenant shall be responsible for any damages suffered by Landlord (from any cause including, without limitation, resulting from any indemnities or certifications which may be made by Landlord in favor of third parties). The provisions of this Section 40(d) shall survive the expiration or earlier termination of this Lease.”

10. **OFAC.** Tenant and all beneficial owners of Tenant are currently (a) in compliance with and shall at all times during the Term of the Lease remain in compliance with the regulations of the Office of Foreign Assets Control (“**OFAC**”) of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the “**OFAC Rules**”), (b) not listed on, and shall not during the term of the Lease be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List or the Sectoral Sanctions Identifications List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

11. **Miscellaneous.**

a. This First Amendment is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This First Amendment may be amended only by an agreement in writing, signed by the parties hereto.

b. This First Amendment is binding upon and shall inure to the benefit of the parties hereto, their respective agents, employees, representatives, officers, directors, divisions, subsidiaries, affiliates, assigns, heirs, successors in interest and shareholders.

c. This First Amendment may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature process complying with the U.S. federal E-SIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this First Amendment and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

d. Landlord and Tenant each represent and warrant that it has not dealt with any broker, agent or other person (collectively “**Broker**”) in connection with this transaction, and that no Broker brought about this First Amendment. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this First Amendment.

e. Except as amended and/or modified by this First Amendment, the Lease is hereby ratified and confirmed and all other terms of the Lease shall remain in full force and effect, unaltered and unchanged by this First Amendment. In the event of any conflict between the provisions of this First Amendment and the provisions of the Lease, the provisions of this First Amendment shall prevail. Whether or not specifically amended by this First Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this First Amendment.

[Signatures are on the next page]

**TENANT:**

**LYELL IMMUNOPHARMA, INC.,**  
a Delaware corporation

By: /s/ Heather Turner  
Its: General Counsel

**LANDLORD:**

**ARE-SAN FRANCISCO NO. 65, LLC,**  
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, LP.,  
a Delaware limited partnership, managing member

By: ARE-QRS CORP.,  
a Maryland corporation, general partner

By: /s/ Kristen Childs  
Its: Kristen Childs  
Vice President  
RE Legal Affairs



## LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease”) is made this 14<sup>th</sup> day of January, 2019, between **ARE-EAST JAMIE COURT, LLC**, a Delaware limited liability company (“**Landlord**”), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation (“**Tenant**”).

- Building:** 400 East Jamie Court, South San Francisco, California
- Premises:** That portion of the (i) third floor of the Building, containing approximately 30,055 rentable square feet (the “**Third Floor Premises**”), and (ii) second floor of the Building containing approximately 3,894 rentable square feet (the “**Second Floor Premises**”), all as shown on **Exhibit A**.
- Project:** The real property on which the Building in which the Premises are located, together with all improvements thereon and appurtenances thereto as described on **Exhibit B**.
- Base Rent:** \$5.50 per rentable square foot of the Premises per month, subject to adjustment pursuant to Section 4 hereof.
- Rentable Area of Premises:** 33,949 sq. ft.
- Rentable Area of Building:** 88,519 sq. ft.
- Building’s Share of Project:** 54.20%
- Rentable Area of Project:** 163,307 sq. ft.
- Tenant’s Share of Operating Expenses for the Building:** 38.35% (4.40% with respect to the Second Floor Premises and 33.95% with respect to the Third Floor Premises)
- Security Deposit:** \$186,719.50
- Target Third Floor Premises Commencement Date:** March 1, 2019
- Target Second Floor Premises Commencement Date:** January 7, 2019
- Rent Adjustment Percentage:** 3%
- Base Term:** Beginning on the Commencement Date (as defined in Section 2) and ending 126 months from the first day of the first full month following the Commencement Date. For clarity, if the Commencement Date occurs on the first day of a month, the Base Term shall be measured from that date. If the Commencement Date occurs on a day other than the first day of a month, the Base Term shall be measured from the first day of the following month.
- Permitted Use:** Research and development laboratory, related office and other related uses consistent with the character of the Project and otherwise in compliance with the provisions of Section 7 hereof.

**Address for Rent Payment:**  
P.O. Box 975383  
Dallas, TX 75397-5383

**Landlord’s Notice Address:**  
385 E. Colorado Boulevard, Suite 299  
Pasadena, CA 91101  
Attention: Corporate Secretary



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

### Tenant's Notice Address:

400 East Jamie Court, Suite 301  
South San Francisco, California  
Attention: Lease Administrator

The following Exhibits and Addenda are attached hereto and incorporated herein by this reference:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> <b>EXHIBIT A</b> - PREMISES DESCRIPTION  | <input checked="" type="checkbox"/> <b>EXHIBIT B</b> - DESCRIPTION OF PROJECT     |
| <input checked="" type="checkbox"/> <b>EXHIBIT C</b> - WORK LETTER           | <input checked="" type="checkbox"/> <b>EXHIBIT D</b> - COMMENCEMENT DATE          |
| <input checked="" type="checkbox"/> <b>EXHIBIT E</b> - RULES AND REGULATIONS | <input checked="" type="checkbox"/> <b>EXHIBIT F</b> - TENANT'S PERSONAL PROPERTY |

1. **Lease of Premises.** Upon and subject to all of the terms and conditions hereof, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord. The portions of the Project which are for the non-exclusive use of tenants of the Project are collectively referred to herein as the "**Common Areas**." Tenant shall have the non-exclusive right during the Term, along with all others having such rights, to use the Common Areas including any common area amenities located at the Project ("**Common Area Amenities**"), if any. Landlord reserves the right to modify Common Areas, provided that such modifications do not materially adversely affect Tenant's use of the Premises for the Permitted Use. From and after the Commencement Date through the expiration of the Term, Tenant shall have access to the Building and the Premises 24 hours a day, 7 days a week, except in the case of emergencies, as the result of Legal Requirements, the performance by Landlord of any installation, maintenance or repairs, or any other temporary interruptions, and otherwise subject to the terms of this Lease.

### 2. Delivery; Acceptance of Premises; Commencement Date.

(a) **Third Floor Premises.** Landlord shall use reasonable efforts to deliver ("**Delivery**" or "**Deliver**") the Third Floor Premises to Tenant for the construction of the Tenant Improvements in the Third Floor Premises under the Work Letter on or before the Target Third Floor Premises Commencement Date. If Landlord fails to timely Deliver the Third Floor Premises, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and this Lease shall not be void or voidable except as provided herein. Notwithstanding anything to the contrary contained herein, if Landlord fails to Deliver the Third Floor Premises to Tenant by the date that is 60 days after the Target Third Floor Premises Commencement Date (as such date may be extended for Force Majeure delays, the "**Abatement Date**"), then Base Rent payable with respect to the Third Floor Premises shall be abated 1 day for each day after the Abatement Date (as such date may be amended for Force Majeure delays) that Landlord fails to Deliver the Third Floor Premises to Tenant. If Landlord does not Deliver the Third Floor Premises within 90 days of the Target Third Floor Premises Commencement Date for any reason other than Force Majeure delays, this Lease may be terminated by Tenant by written notice to Landlord, and if so terminated by Tenant: (a) the Security Deposit, or any balance thereof (i.e., after deducting therefrom all amounts to which Landlord is entitled under the provisions of this Lease), shall be returned to Tenant, and (b) neither Landlord nor Tenant shall have any further rights, duties or obligations under this Lease, except with respect to provisions which expressly survive termination of this Lease. As used herein, the term "**Tenant Improvements**" shall have the meaning set forth for such term in the Work Letter. If Tenant does not elect to void this Lease within 10 business days of the lapse of such 90 day period, such right to void this Lease shall be waived and this Lease shall remain in full force and effect.

The "**Commencement Date**" shall be the date Landlord Delivers the Third Floor Premises to Tenant in broom clean condition, free of debris and personal property of prior tenants. The "**Third Floor Premises Rent Commencement Date**" shall be the date that is 6 months after the Commencement Date. Notwithstanding anything to the contrary contained in this Lease, for the period commencing on the Commencement Date through the Second Floor Premises Commencement Date (as defined below), the term "**Premises**" shall mean the Third Floor Premises.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Net Multi-Tenant Laboratory

For the period of 30 consecutive days after the Commencement Date, Landlord shall, at its sole cost and expense (which shall not constitute an Operating Expense), be responsible for any repairs that are required to be made to the Building Systems (as defined in Section 13) serving the Third Floor Premises, unless Tenant or any Tenant Party was responsible for the cause of such repair, in which case Tenant shall pay the cost.

Prior to the Commencement Date, Landlord shall deliver to Tenant, subject to Landlord's standard non-reliance letter, copies of the surrender reports delivered to Landlord by the immediately prior tenant of the Third Floor Premises.

Except as set forth in the Work Letter or as otherwise expressly set forth in this Lease: (i) Tenant shall accept the Third Floor Premises in their condition as of the Commencement Date; (ii) Landlord shall have no obligation for any defects in the Third Floor Premises; and (iii) Tenant's taking possession of the Third Floor Premises shall be conclusive evidence that Tenant accepts the Third Floor Premises. Any occupancy of the Third Floor Premises by Tenant before the Commencement Date shall be subject to all of the terms and conditions of this Lease, excluding the obligation to pay Base Rent and Operating Expenses. For the avoidance of doubt, access by Tenant or Tenant's representatives to the Third Floor Premises for planning purposes in connection with the design of the Tenant Improvements pursuant to the Work Letter shall not constitute occupancy of the Third Floor Premises.

(b) **Second Floor Premises.** Landlord shall use reasonable efforts to Deliver the Second Floor Premises to Tenant on or before the Target Second Floor Premises Commencement Date. If Landlord fails to timely Deliver the Second Floor Premises, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and this Lease shall not be void or voidable except as provided herein. Notwithstanding anything to the contrary contained herein, if Landlord fails to Deliver the Second Floor Premises to Tenant by the date that is 60 days after the Target Second Floor Premises Commencement Date (as such date may be extended for Force Majeure delays, the "**Second Floor Premises Abatement Date**"), then Base Rent payable with respect to the Second Floor Premises shall be abated 1 day for each day after the Second Floor Premises Abatement Date (as such date may be amended for Force Majeure delays) that Landlord fails to Deliver the Second Floor Premises to Tenant.

The "**Second Floor Premises Commencement Date**" shall be the date Landlord Delivers the Second Floor Premises to Tenant in broom clean condition, free of debris and personal property of prior tenants. Tenant shall commence paying Base Rent with respect to the Second Floor Premises on the Second Floor Premises Commencement Date.

For the period of 30 consecutive days after the Second Floor Premises Commencement Date, Landlord shall, at its sole cost and expense (which shall not constitute an Operating Expense), be responsible for any repairs that are required to be made to the Building Systems serving the Second Floor Premises, unless Tenant or any Tenant Party was responsible for the cause of such repair, in which case Tenant shall pay the cost.

Prior to the Second Floor Premises Commencement Date, Landlord shall deliver to Tenant, subject to Landlord's standard non-reliance letter, copies of the surrender reports delivered to Landlord by the immediately prior tenant of the Second Floor Premises.

Except as set forth in the Work Letter or as otherwise expressly set forth in this Lease: (i) Tenant shall accept the Second Floor Premises in their condition as of the Second Floor Premises Commencement Date; (ii) Landlord shall have no obligation for any defects in the Second Floor Premises; and (iii) Tenant's taking possession of the Second Floor Premises shall be conclusive evidence that Tenant accepts the Second Floor Premises. Any occupancy of the Second Floor Premises by Tenant before the Second Floor Premises Commencement Date shall be subject to all of the terms and conditions of this Lease, including the obligation to pay Base Rent and Operating Expenses. For the avoidance of doubt, access by Tenant or Tenant's representatives to the Second Floor Premises for planning purposes in connection with the design of the Tenant Improvements pursuant to the Work Letter shall not constitute occupancy of the Second Floor Premises.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

(c) **General.** Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Commencement Date, the Second Floor Premises Commencement Date, the Third Floor Premises Rent Commencement Date and the expiration date of the Term when such are established in the form of the "Acknowledgement of Commencement Date" attached to this Lease as **Exhibit D**; provided, however, Tenant's failure to execute and deliver such acknowledgment shall not affect Landlord's rights hereunder. The "**Term**" of this Lease shall be the Base Term, as defined above on the first page of this Lease.

Tenant agrees and acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises or the Project, and/or the suitability of the Premises or the Project for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises or the Project are suitable for the Permitted Use. This Lease constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes any and all prior representations, inducements, promises, agreements, understandings and negotiations which are not contained herein. Landlord in executing this Lease does so in reliance upon Tenant's representations, warranties, acknowledgments and agreements contained herein.

### 3. Rent.

(a) **Base Rent.** Base Rent for the months in which the Second Floor Premises Commencement Date and the Third Floor Premises Rent Commencement Date occur, and the Security Deposit shall be due and payable on delivery of an executed copy of this Lease to Landlord. Tenant shall pay to Landlord in advance, without demand, abatement, deduction or set-off, monthly installments of Base Rent on or before the first day of each calendar month during the Term hereof after the Third Floor Premises Rent Commencement Date with respect to the Third Floor Premises and after the Second Floor Premises Commencement Date with respect to the Second Floor Premises, in lawful money of the United States of America, at the office of Landlord for payment of Rent set forth above, via federally insured wire transfer (including ACH) pursuant to the wire instructions provided by Landlord, or to such other person or at such other place as Landlord may from time to time designate in writing. Payments of Base Rent for any fractional calendar month shall be prorated. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Tenant shall have no right at any time to abate, reduce, or set-off any Rent (as defined in Section 5) due hereunder except for any abatement as may be expressly provided in this Lease.

Notwithstanding anything to the contrary contained in this Lease, so long as no event of Default has occurred and is continuing under this Lease, Base Rent payable with respect to the Third Floor Premises only shall be abated for the period commencing on the Third Floor Premises Rent Commencement Date through the last day of the 5<sup>th</sup> month following the Third Floor Premises Rent Commencement Date (the "**Abatement Period**"). Tenant shall commence paying Base Rent with respect to the Third Floor Premises on the first day of the 6<sup>th</sup> month following the Third Floor Premises Rent Commencement Date.

(b) **Additional Rent.** In addition to Base Rent, Tenant agrees to pay to Landlord as additional rent ("**Additional Rent**"): (i) commencing on the Second Floor Premises Commencement Date with respect to the Second Floor Premises and on the Third Floor Premises Rent Commencement Date with respect to the Third Floor Premises, Tenant's Share of "Operating Expenses" (as defined in Section 5), and (ii) any and all other amounts Tenant assumes or agrees to pay under the provisions of this Lease, including, without limitation, any and all other sums that may become due by reason of any default of Tenant or failure to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after any applicable notice and cure period.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

4. **Base Rent Adjustments.**

(a) **Annual Adjustments.** Base Rent with respect to the entire Premises shall be increased on each annual anniversary of the Third Floor Premises Rent Commencement Date (each an “**Adjustment Date**”) by multiplying the Base Rent payable immediately before such Adjustment Date by the Rent Adjustment Percentage and adding the resulting amount to the Base Rent payable immediately before such Adjustment Date. Base Rent, as so adjusted, shall thereafter be due as provided herein. Base Rent adjustments for any fractional calendar month shall be prorated.

(b) **Additional TI Allowance.** In addition to the Tenant Improvement Allowance (as defined in the Work Letter), Landlord shall, subject to the terms of the Work Letter, make available to Tenant the Additional Tenant Improvement Allowance (as defined in the Work Letter). Commencing on the Third Floor Premises Rent Commencement Date and continuing thereafter on the first day of each month during the Base Term, Tenant shall pay the amount necessary to fully amortize the portion of the Additional Tenant Improvement Allowance actually funded by Landlord, if any, in equal monthly payments with interest at a rate of 8% per annum over the Base Term, which interest shall begin to accrue on the date that Landlord first disburses such Additional Tenant Improvement Allowance or any portion(s) thereof (“**TI Rent**”). Any TI Rent (including applicable interest) remaining unpaid as of the expiration or earlier termination of the Lease shall be paid to Landlord in a lump sum at the expiration or earlier termination of this Lease.

5. **Operating Expense Payments.** Landlord shall deliver to Tenant a written estimate of Operating Expenses for each calendar year during the Term (the “**Annual Estimate**”), which may be revised by Landlord from time to time during such calendar year. Commencing on the Second Floor Premises Commencement Date with respect to the Second Floor Premises and on the Third Floor Premises Rent Commencement Date with respect to the Third Floor Premises, and continuing thereafter on the first day of each month during the Term, Tenant shall pay Landlord an amount equal to 1/12th of Tenant’s Share of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

The term “**Operating Expenses**” means all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord with respect to the Building (including the Building’s Share of all costs and expenses of any kind or description incurred or accrued by Landlord with respect to the Project which are not specific to the Building or any other building located in the Project (including, without duplication, (w) Taxes (as defined in [Section 9](#)), (x) capital repairs, improvements and replacements amortized over the lesser of 10 years or the useful life of such capital items (except for capital repairs, replacements and improvements to the roof, which shall be amortized over 15 years), adjusted to reflect Building operations 24 hours per day, 7 days per week and 365 days per year (provided that those Operating Expenses incurred or accrued by Landlord with respect to any capital repairs, replacements or improvements which are for the intended purpose of promoting sustainability (for example, without limitation, by reducing energy usage at the Project) (a “**Capital Sustainability Expenditure**”) may be amortized over a shorter period, at Landlord’s discretion, to the extent the cost of a Capital Sustainability Expenditure is offset by a reduction in Operating Expenses), (y) the cost (including, without limitation, any subsidies which Landlord may provide in connection with the Common Area Amenities) of the Common Area Amenities now or hereafter located at the Project, if any, and (z) and the costs of Landlord’s third party property manager or, if there is no third party property manager, administration rent in the amount of 3% of Base Rent) (provided that during the Abatement Period, Tenant shall nonetheless be required to pay administration rent each month equal to the amount of the administration rent that Tenant would have been required to pay in the absence of there being an Abatement Period)), excluding only:

- (a) the original construction costs of the Project and renovation prior to the date of the Lease and costs of correcting defects in such original construction or renovation;
- (b) capital expenditures for expansion of the Project;



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

- (c) interest, principal payments of Mortgage (as defined in Section 27) debts of Landlord, financing costs and amortization of funds borrowed by Landlord, whether secured or unsecured;
- (d) depreciation of the Project (except for capital improvements, the cost of which are includable in Operating Expenses);
- (e) advertising, legal and space planning expenses and leasing commissions and other costs and expenses incurred in procuring and leasing space to tenants for the Project, including any leasing office maintained in the Project, free rent and construction allowances for tenants;
- (f) legal and other expenses incurred in the negotiation or enforcement of leases;
- (g) completing, fixturing, improving, renovating, painting, redecorating or other work, which Landlord pays for or performs for other tenants within their premises, and costs of correcting defects in such work;
- (h) costs to be reimbursed by other tenants of the Project or Taxes to be paid directly by Tenant or other tenants of the Project, whether or not actually paid;
- (i) salaries, wages, benefits and other compensation paid to officers and employees of Landlord who are not assigned in whole or in part to the operation, management, maintenance or repair of the Project;
- (j) general organizational, administrative and overhead costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, including general corporate, legal and accounting expenses;
- (k) costs (including attorneys' fees and costs of settlement, judgments and payments in lieu thereof) incurred in connection with disputes with tenants, other occupants, or prospective tenants, and costs and expenses, including legal fees, incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Building;
- (l) costs incurred by Landlord due to the violation by Landlord, its employees, agents or contractors or any tenant of the terms and conditions of any lease of space in the Project or any Legal Requirement (as defined in Section 7);
- (m) penalties, fines or interest incurred as a result of Landlord's inability or failure to make payment of Taxes and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of Taxes required to be made by Landlord hereunder before delinquency;
- (n) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Project to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;
- (o) costs of Landlord's charitable or political contributions, or of fine art maintained at the Project;
- (p) costs in connection with services (including electricity), items or other benefits of a type which are not standard for the Project and which are not available to Tenant without specific charges therefor, but which are provided to another tenant or occupant of the Project, whether or not such other tenant or occupant is specifically charged therefor by Landlord;
- (q) costs incurred in the sale or refinancing of the Project;



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

- (r) net income taxes of Landlord or the owner of any interest in the Project, franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Project or any portion thereof or interest therein;
- (s) any costs incurred to remove, study, test or remediate Hazardous Materials in or about the Building or the Project for which Tenant is not responsible under this Lease;
- (t) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by insurance policies required to be maintained by Landlord in accordance with Section 17;
- (u) reserves (other than de minimus amounts);
- (v) costs arising from the gross negligence or willful misconduct of Landlord; and
- (w) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by persons other than tenants of the Project under leases for space in the Project.

Within 90 days after the end of each calendar year (or such longer period as may be reasonably required), Landlord shall furnish to Tenant a statement (an “**Annual Statement**”) showing in reasonable detail: (a) the total and Tenant’s Share of actual Operating Expenses for the previous calendar year, and (b) the total of Tenant’s payments in respect of Operating Expenses for such year. If Tenant’s Share of actual Operating Expenses for such year exceeds Tenant’s payments of Operating Expenses for such year, the excess shall be due and payable by Tenant as Rent within 30 days after delivery of such Annual Statement to Tenant. If Tenant’s payments of Operating Expenses for such year exceed Tenant’s Share of actual Operating Expenses for such year Landlord shall pay the excess to Tenant within 30 days after delivery of such Annual Statement, except that after the expiration, or earlier termination of the Term or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. Landlord’s and Tenant’s obligations to pay any overpayments or deficiencies due pursuant to this paragraph shall survive the expiration or earlier termination of this Lease.

The Annual Statement shall be final and binding upon Tenant unless Tenant, within 90 days after Tenant’s receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reason therefor. If, during such 90 day period, Tenant reasonably and in good faith questions or contests the accuracy of Landlord’s statement of Tenant’s Share of Operating Expenses, Landlord will provide Tenant with access to Landlord’s books and records relating to the operation of the Project and such information as Landlord reasonably determines to be responsive to Tenant’s questions (the “**Expense Information**”). If after Tenant’s review of such Expense Information, Landlord and Tenant cannot agree upon the amount of Tenant’s Share of Operating Expenses, then Tenant shall have the right to have a regionally or nationally recognized independent public accounting firm selected by Tenant and approved by Landlord (which approval shall not be unreasonably withheld or delayed), working pursuant to a fee arrangement other than a contingent fee (at Tenant’s sole cost and expense), audit and/or review the Expense Information for the year in question (the “**Independent Review**”). The results of any such Independent Review shall be binding on Landlord and Tenant. If the Independent Review shows that the payments actually made by Tenant with respect to Operating Expenses for the calendar year in question exceeded Tenant’s Share of Operating Expenses for such calendar year, Landlord shall at Landlord’s option either (i) credit the excess amount to the next succeeding installments of estimated Operating Expenses or (ii) pay the excess to Tenant within 30 days after delivery of such statement, except that after the expiration or earlier termination of this Lease or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. If the Independent Review shows that Tenant’s payments with respect to Operating Expenses for such calendar year were less than Tenant’s Share of Operating Expenses for the calendar year, Tenant shall pay the deficiency to Landlord within 30 days after delivery of such statement. If the Independent Review shows that Tenant has overpaid with respect to Operating Expenses by more than 5% then Landlord shall reimburse Tenant for all costs incurred by Tenant for the Independent



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Review. Operating Expenses for the calendar years in which Tenant's obligation to share therein begins and ends shall be prorated. Notwithstanding anything set forth herein to the contrary, if the Building is not at least 95% occupied on average during any year of the Term, Tenant's Share of Operating Expenses for such year shall be computed as though the Building had been 95% occupied on average during such year.

"**Tenant's Share**" shall be the percentage set forth on the first page of this Lease as Tenant's Share as reasonably adjusted by Landlord for changes in the physical size of the Premises or the Project occurring thereafter. Landlord may equitably increase Tenant's Share for any item of expense or cost reimbursable by Tenant that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Project that includes the Premises or that varies with occupancy or use. Base Rent, Tenant's Share of Operating Expenses and all other amounts payable by Tenant to Landlord hereunder are collectively referred to herein as "**Rent**."

6. **Security Deposit.** Tenant shall deposit with Landlord, upon delivery of an executed copy of this Lease to Landlord, a security deposit (the "**Security Deposit**") for the performance of all of Tenant's obligations hereunder in the amount set forth on page 1 of this Lease, which Security Deposit shall be in the form of an unconditional and irrevocable letter of credit (the "**Letter of Credit**"): (i) in form and substance reasonably satisfactory to Landlord, (ii) naming Landlord as beneficiary, (iii) expressly allowing Landlord to draw upon it at any time from time to time by delivering to the issuer notice that Landlord is entitled to draw thereunder, (iv) issued by an FDIC-insured financial institution reasonably satisfactory to Landlord, and (v) redeemable by presentation of a sight draft in the state of Landlord's choice. If Tenant does not provide Landlord with a substitute Letter of Credit complying with all of the requirements hereof at least 10 days before the stated expiration date of any then current Letter of Credit, Landlord shall have the right to draw the full amount of the current Letter of Credit and hold the funds drawn in cash without obligation for interest thereon as the Security Deposit. The Security Deposit shall be held by Landlord as security for the performance of Tenant's obligations under this Lease. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon each occurrence of a Default (as defined in Section 20), Landlord may use all or any part of the Security Deposit to pay delinquent payments due under this Lease, future rent damages under California Civil Code Section 1951.2, and the cost of any damage, injury, expense or liability caused by such Default, without prejudice to any other remedy provided herein or provided by law. Landlord's right to use the Security Deposit under this Section 6 includes the right to use the Security Deposit to pay future rent damages following the termination of this Lease pursuant to Section 21(c) below. Upon any use of all or any portion of the Security Deposit, Tenant shall pay Landlord on demand the amount that will restore the Security Deposit to the amount set forth on Page 1 of this Lease. Tenant hereby waives the provisions of any law, now or hereafter in force, including, without limitation, California Civil Code Section 1950.7, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the act or omission of Tenant or any officer, employee, agent or invitee of Tenant Upon bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for periods prior to the filing of such proceedings. If Tenant shall fully perform every provision of this Lease to be performed by Tenant, the Security Deposit, or any balance thereof (i.e., after deducting therefrom all amounts to which Landlord is entitled under the provisions of this Lease), shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within 90 days after the expiration or earlier termination of this Lease.

If Landlord transfers its interest in the Project or this Lease, Landlord shall either (a) transfer any Security Deposit then held by Landlord to a person or entity assuming Landlord's obligations under this Section 6, or (b) return to Tenant any Security Deposit then held by Landlord and remaining after the deductions permitted herein. Upon such transfer to such transferee or the return of the Security Deposit to Tenant, Landlord shall have no further obligation with respect to the Security Deposit, and Tenant's right to the return of the Security Deposit shall apply solely against Landlord's transferee. The Security



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Landlord's obligation respecting the Security Deposit is that of a debtor, not a trustee, and no interest shall accrue thereon.

7. **Use.** The Premises shall be used solely for the Permitted Use set forth in the basic lease provisions on page 1 of this Lease, and in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Premises, and to the use and occupancy thereof, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. § 12101, et seq. (together with the regulations promulgated pursuant thereto, "ADA") (collectively, "Legal Requirements" and each, a "Legal Requirement"). Tenant shall, upon 5 days' written notice from Landlord, discontinue any use of the Premises which is declared by any Governmental Authority (as defined in Section 9) having jurisdiction to be a violation of a Legal Requirement. Tenant will not use or permit the Premises to be used for any purpose or in any manner that would void Tenant's or Landlord's insurance, increase the insurance risk, or cause the disallowance of any sprinkler or other credits. Tenant shall not permit any part of the Premises to be used as a "place of public accommodation", as defined in the ADA or any similar legal requirement. Tenant shall reimburse Landlord promptly upon demand for any additional premium charged for any such insurance policy by reason of Tenant's failure to comply with the provisions of this Section or otherwise caused by Tenant's use and/or occupancy of the Premises. Tenant will use the Premises in a careful, safe and proper manner and will not commit or permit waste, overload the floor or structure of the Premises, subject the Premises to use that would damage the Premises or obstruct or interfere with the rights of Landlord or other tenants or occupants of the Project, including conducting or giving notice of any auction, liquidation, or going out of business sale on the Premises, or using or allowing the Premises to be used for any unlawful purpose. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations from the Premises from extending into Common Areas, or other space in the Project. Tenant shall not place any machinery or equipment which would overload the floor in or upon the Premises or transport or move such items through the Common Areas of the Project or in the Project elevators without the prior written consent of Landlord. Except as may be provided under the Work Letter, Tenant shall not, without the prior written consent of Landlord, use the Premises in any manner which will require ventilation, air exchange, heating, gas, steam, electricity or water beyond the existing capacity of the Project as proportionately allocated to the Premises based upon Tenant's Share as usually furnished for the Permitted Use.

Landlord shall be responsible for the compliance of the Common Areas of the Project with Legal Requirements as of the Commencement Date. Following the Commencement Date, Landlord shall, as an Operating Expense (to the extent such Legal Requirement is generally applicable to similar buildings in the area in which the Project is located) and at Tenant's expense (to the extent such Legal Requirement is triggered by reason of Tenant's, as compared to other tenants of the Project, specific use of the Premises or Tenant's Alterations) make any alterations or modifications to the Common Areas or the exterior of the Building that are required by Legal Requirements. Except as provided in the 2 immediately preceding sentences, Tenant, at its sole expense, shall make any alterations or modifications to the interior of the Premises that are required by Legal Requirements (including, without limitation, compliance of the Premises with the ADA) related to Tenant's use or occupancy of the Premises or Tenant's Alterations. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses incurred in investigating or resisting the same (including, without limitation, reasonable attorneys' fees, charges and disbursements and costs of suit) (collectively, "Claims") arising out of or in connection with Tenant's failure to comply with Legal Requirements related to Tenant's use or occupancy of the Premises or Tenant's Alterations, and Tenant shall indemnify, defend, hold and save Landlord harmless from and against any and all Claims arising out of Tenant's breach of the foregoing requirement.

Tenant acknowledges that Landlord may, but shall not be obligated to, seek to obtain Leadership in Energy and Environmental Design (LEED), WELL Building Standard, or other similar "green" certification with respect to the Project and/or the Premises, and Tenant agrees to reasonably cooperate with Landlord, and to provide such information and/or documentation as Landlord may reasonably request, in connection therewith.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

8. **Holding Over.** If, with Landlord's express written consent, Tenant retains possession of the Premises after the termination of the Term, (i) unless otherwise agreed in such written consent, such possession shall be subject to immediate termination by Landlord at any time, (ii) all of the other terms and provisions of this Lease (including, without limitation, the adjustment of Base Rent pursuant to Section 4 hereof) shall remain in full force and effect (excluding any expansion or renewal option or other similar right or option) during such holdover period, (iii) Tenant shall continue to pay Base Rent in the amount payable upon the date of the expiration or earlier termination of this Lease or such other amount agreed upon in writing by Landlord and Tenant, and (iv) all other payments shall continue under the terms of this Lease. If Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Landlord, (A) Tenant shall become a tenant at sufferance upon the terms of this Lease except that the monthly rental shall be equal to 150% of Rent in effect during the last 30 days of the Term, and (B) Tenant shall be responsible for all damages suffered by Landlord resulting from or occasioned by Tenant's holding over, including consequential damages; provided, however, that if Tenant delivers a written inquiry to Landlord within 60 days prior to the expiration or earlier termination of the Term, Landlord will notify Tenant whether the potential exists for consequential damages. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Section 8 shall not be construed as consent for Tenant to retain possession of the Premises. Acceptance by Landlord of Rent after the expiration of the Term or earlier termination of this Lease shall not result in a renewal or reinstatement of this Lease.

9. **Taxes.** Landlord shall pay, as part of Operating Expenses, all taxes, levies, fees, assessments and governmental charges of any kind, existing as of the Commencement Date or thereafter enacted (collectively referred to as "**Taxes**"), imposed by any federal, state, regional, municipal, local or other governmental authority or agency, including, without limitation, quasi-public agencies (collectively, "**Governmental Authority**") during the Term, including, without limitation, all Taxes: (i) imposed on or measured by or based, in whole or in part, on rent payable to (or gross receipts received by) Landlord under this Lease and/or from the rental by Landlord of the Project or any portion thereof, or (ii) based on the square footage, assessed value or other measure or evaluation of any kind of the Premises or the Project, or (iii) assessed or imposed by or on the operation or maintenance of any portion of the Premises or the Project, including parking, or (iv) assessed or imposed by, or at the direction of, or resulting from Legal Requirements, or interpretations thereof, promulgated by any Governmental Authority, or (v) imposed as a license or other fee, charge, tax, or assessment on Landlord's business or occupation of leasing space in the Project. Landlord may contest by appropriate legal proceedings the amount, validity, or application of any Taxes or liens securing Taxes. Taxes shall not include any net income taxes imposed on Landlord except to the extent such net income taxes are in substitution for any Taxes payable hereunder. If any such Tax is levied or assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Tenant shall pay, prior to delinquency, any and all Taxes levied or assessed against any personal property or trade fixtures placed by Tenant in the Premises, whether levied or assessed against Landlord or Tenant. If any Taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed valuation of the Project is increased by a value attributable to improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, higher than the base valuation on which Landlord from time-to-time allocates Taxes to all tenants in the Project, Landlord shall have the right, but not the obligation, to pay such Taxes. Landlord's determination of any excess assessed valuation shall be binding and conclusive, absent manifest error. The amount of any such payment by Landlord shall constitute Additional Rent due from Tenant to Landlord immediately upon demand.

10. **Parking.** Subject to all applicable Legal Requirements, Force Majeure, a Taking (as defined in Section 19 below) and the exercise by Landlord of its rights hereunder, Tenant shall have the right, at no additional cost, in common with other tenants of the Project pro rata in accordance with the rentable area of the Premises and the rentable areas of the Project occupied by such other tenants, to



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Net Multi-Tenant Laboratory

park in those areas designated for non-reserved parking, subject in each case to Landlord's rules and regulations. Landlord may allocate parking spaces among Tenant and other tenants in the Project pro rata as described above if Landlord determines that such parking facilities are becoming crowded. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties, including other tenants of the Project.

11. **Utilities, Services.** Landlord shall provide, subject to the terms of this Section 11, water, electricity, heat, light, power, sewer, and other utilities (including gas and fire sprinklers to the extent the Project is plumbed for such services), refuse and trash collection and janitorial services (collectively, "**Utilities**"). Landlord shall pay, as Operating Expenses or subject to Tenant's reimbursement obligation, for all Utilities used on the Premises, all maintenance charges for Utilities, and any storm sewer charges or other similar charges for Utilities imposed by any Governmental Authority or Utility provider, and any taxes, penalties, surcharges or similar charges thereon. Landlord may cause, at Tenant's expense, any Utilities to be separately metered or charged directly to Tenant by the provider. Tenant shall pay directly to the Utility provider, prior to delinquency, any separately metered Utilities and services which may be furnished to Tenant or the Premises during the Term. Tenant shall pay, as part of Operating Expenses, its share of all charges for jointly metered Utilities based upon consumption, as reasonably determined by Landlord. No interruption or failure of Utilities, from any cause whatsoever other than Landlord's willful misconduct, shall result in eviction or constructive eviction of Tenant, termination of this Lease or the abatement of Rent. Tenant agrees to limit use of water and sewer with respect to Common Areas to normal restroom use.

Notwithstanding anything to the contrary set forth herein, if (i) a stoppage of an Essential Service (as defined below) to the Premises shall occur and such stoppage is due solely to the gross negligence or willful misconduct of Landlord and not due in any part to any act or omission on the part of Tenant or any Tenant Party or any matter beyond Landlord's reasonable control (any such stoppage of an Essential Service being hereinafter referred to as a "**Service Interruption**"), and (ii) such Service Interruption continues for more than 3 consecutive business days after Landlord shall have received written notice thereof from Tenant, and (iii) as a result of such Service Interruption, the conduct of Tenant's normal operations in the Premises are materially and adversely affected, then, to the extent that such Service Interruption is covered by rental interruption insurance carried by Landlord pursuant to this Lease, there shall be an abatement of one day's Base Rent for each day during which such Service Interruption continues after such 3 business day period; provided, however, that if any part of the Premises is reasonably useable for Tenant's normal business operations or if Tenant conducts all or any part of its operations in any portion of the Premises notwithstanding such Service Interruption, then the amount of each daily abatement of Base Rent shall only be proportionate to the nature and extent of the interruption of Tenant's normal operations or ability to use the Premises. The rights granted to Tenant under this paragraph shall be Tenant's sole and exclusive remedy resulting from a failure of Landlord to provide services, and Landlord shall not otherwise be liable for any loss or damage suffered or sustained by Tenant resulting from any failure or cessation of services. For purposes hereof, the term "**Essential Services**" shall mean the following services: operational elevators, HVAC service, water, sewer and electricity, but in each case only to the extent that Landlord has an obligation to provide same to Tenant under this Lease.

Landlord's sole obligation for either providing emergency generators or providing emergency back-up power to Tenant shall be: (i) to provide emergency generators with not less than the capacity of the emergency generators located in the Building as of the Commencement Date, and (ii) to contract with a third party to maintain the emergency generators as per the manufacturer's standard maintenance guidelines. Except as otherwise provided in the immediately preceding sentence, Landlord shall have no obligation to provide Tenant with operational emergency generators or back-up power or to supervise, oversee or confirm that the third party maintaining the emergency generators is maintaining the generators as per the manufacturer's standard guidelines or otherwise. During any period of replacement, repair or maintenance of the emergency generators when the emergency generators are not operational, including any delays thereto due to the inability to obtain parts or replacement equipment, Landlord shall have no obligation to provide Tenant with an alternative back-up generator or generators or alternative sources of back-up power. Tenant expressly acknowledges and agrees that Landlord does not guaranty that such emergency generators will be operational at all times or that emergency power will be available to the Premises when needed.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Notwithstanding anything to the contrary contained herein, subject to applicable Legal Requirements (including, without limitation, Tenant obtaining all permits required from applicable Governmental Authorities for the installation, operation and maintenance of the Dedicated Emergency Generator and the Generator Area), Tenant shall have the right to install, at Tenant's sole cost and expense, one emergency generator, and related screening of a design and type reasonably acceptable to Landlord (the "**Dedicated Emergency Generator**") at a location within the Project reasonably acceptable to Landlord and Tenant ("**Generator Area**"). Commencing on the date such Dedicated Emergency Generator is installed, Tenant shall have all of the obligations under this Lease with respect to the Generator Area as though the Generator Area were part of the Premises including, without limitation, the delivery of a Decommissioning and HazMat Closure Plan (as defined in [Section 28](#)) with respect to the Generator Area pursuant to [Section 28](#), except that Tenant shall not be required to pay Base Rent with respect to the Generator Area. The number of parking spaces available to Tenant under this Lease may be reduced by the number of parking spaces impacted by the Generator Area, if any. Tenant shall retain ownership of and remove the Dedicated Emergency Generator at the expiration or earlier termination of this Lease. At the expiration or earlier termination of this Lease, Tenant shall restore the Generator Area to substantially its condition prior to the installation of the Dedicated Emergency Generator and shall otherwise surrender the Generator Area free of any debris and trash and free of any Hazardous Materials. Landlord shall have no obligation to make any repairs or improvements to the Dedicated Emergency Generator or the Generator Area and Tenant shall maintain the Dedicated Emergency Generator and the Generator Area, at Tenant's sole cost and expense, in good repair and condition during the Term.

Tenant agrees to provide Landlord with access to Tenant's water and/or energy usage data on a monthly basis, either by providing Tenant's applicable utility login credentials to Landlord's Measurabl online portal, or by another delivery method reasonably agreed to by Landlord and Tenant. The costs and expenses incurred by Landlord in connection with receiving and analyzing such water and/or energy usage data (including, without limitation, as may be required pursuant to applicable Legal Requirements) shall be included as part of Operating Expenses.

12. **Alterations and Tenant's Property.** Any alterations, additions, or improvements made to the Premises by or on behalf of Tenant (other than the Tenant Improvements which shall be constructed pursuant to the Work Letter and shall not constitute Alterations pursuant to this [Section 12](#)), including additional locks or bolts of any kind or nature upon any doors or windows in the Premises, but excluding installation, removal or realignment of furniture, fixtures and equipment and customary office decor (i.e., white boards) (other than removal of furniture, fixtures and equipment, if any, owned or paid for by Landlord) not involving any modifications to the structure or connections (other than by ordinary plugs or jacks) to Building Systems (as defined in [Section 13](#)) ("**Alterations**") shall be subject to Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion if any such Alteration affects the structure or Building Systems and shall not be otherwise unreasonably withheld. If Landlord approves any Alterations, Landlord may impose such conditions on Tenant in connection with the commencement, performance and completion of such Alterations as Landlord may deem appropriate in Landlord's sole and absolute discretion. Any request for approval shall be in writing, delivered not less than 15 business days in advance of any proposed construction, and accompanied by plans, specifications, bid proposals, work contracts and such other information concerning the nature and cost of the alterations as may be reasonably requested by Landlord, including the identities and mailing addresses of all persons performing work or supplying materials. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to ensure that such plans and specifications or construction comply with applicable Legal Requirements. Tenant shall cause, at its sole cost and expense, all Alterations to comply with insurance requirements and with Legal Requirements and shall implement at its sole cost and expense any alteration or modification required by Legal Requirements as a result of any Alterations. Other than in connection with the Tenant Improvements, Tenant shall pay to Landlord, as Additional Rent, on demand an amount equal to 5% of all charges incurred by Tenant or its contractors or agents in connection with



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

any Alteration to cover Landlord's overhead and expenses for plan review, coordination, scheduling and supervision. Before Tenant begins any Alteration, Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall reimburse Landlord for, and indemnify and hold Landlord harmless from, any expense incurred by Landlord by reason of faulty work done by Tenant or its contractors, delays caused by such work, or inadequate cleanup.

Tenant shall furnish evidence of cash on hand and available for payment of Tenant's Alterations in an amount of not less than 150% of the cost of the applicable Alteration, or make other arrangements reasonably satisfactory to Landlord to assure payment for the completion of all Alterations work free and clear of liens, and shall provide (and cause each contractor or subcontractor to provide) certificates of insurance for workers' compensation and other coverage in amounts and from an insurance company satisfactory to Landlord protecting Landlord against liability for personal injury or property damage during construction. Upon completion of any Alterations, Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and subcontractors who did the work and final lien waivers from all such contractors and subcontractors; and (ii) "as built" plans for any such Alteration.

Except for Removable Installations (as hereinafter defined), all Installations (as hereinafter defined) shall be and shall remain the property of Landlord during the Term and following the expiration or earlier termination of the Term, shall not be removed by Tenant at any time during the Term, and shall remain upon and be surrendered with the Premises as a part thereof. Notwithstanding the foregoing, Landlord may, at the time its approval of any such Installation is requested, notify Tenant that Landlord requires that Tenant remove such Installation upon the expiration or earlier termination of the Term, in which event Tenant shall remove such Installation in accordance with the immediately succeeding sentence. Upon the expiration or earlier termination of the Term, Tenant shall remove (i) all wires, cables or similar equipment which Tenant has installed in the Premises or in the risers or plenums of the Building, (ii) any Installations for which Landlord has given Tenant notice of removal in accordance with the immediately preceding sentence, and (iii) all of Tenant's Property (as hereinafter defined), and Tenant shall restore and repair any damage caused by or occasioned as a result of such removal, including, without limitation, capping off all such connections behind the walls of the Premises and repairing any holes. During any restoration period beyond the expiration or earlier termination of the Term, Tenant shall pay Rent to Landlord as provided herein as if said space were otherwise occupied by Tenant. If Landlord is requested by Tenant or any lender, lessor or other person or entity claiming an interest in any of Tenant's Property to waive any lien Landlord may have against any of Tenant's Property, and Landlord consents to such waiver, then Landlord shall be entitled to be paid as administrative rent a fee of \$1,000 per occurrence for its time and effort in preparing and negotiating such a waiver of lien.

For purposes of this Lease, (x) "**Removable Installations**" means any items listed on **Exhibit F** attached hereto and any items agreed by Landlord in writing to be included on **Exhibit F** in the future, (y) "**Tenant's Property**" means Removable Installations and, other than Installations, any personal property or equipment of Tenant that may be removed without material damage to the Premises, and (z) "**Installations**" means all property of any kind paid for with the TI Fund, all Alterations, all fixtures, and all partitions, hardware, built-in machinery, built-in casework and cabinets and other similar additions, equipment, property and improvements built into the Premises so as to become an integral part of the Premises, including, without limitation, fume hoods which penetrate the roof or plenum area, built-in cold rooms, built-in warm rooms, walk-in cold rooms, walk-in warm rooms, deionized water systems, glass washing equipment, autoclaves, chillers, built-in plumbing, electrical and mechanical equipment and systems, and any power generator and transfer switch.

Notwithstanding anything to the contrary contained in this Lease, Tenant shall not be required to remove or restore at the expiration or earlier termination of the Term (x) any improvements existing in the Third Floor Premises as of the Commencement Date or in the Second Floor Premises as of the Second Floor Premises Commencement Date, or (y) any vivarium improvements constructed by Tenant in the Premises or any utility systems associated therewith, nor shall Tenant have the right to remove any such improvements at any time during the Term or at the expiration or earlier termination of the Term except as otherwise provided in this Section 12.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

13. **Landlord's Repairs.** Landlord, as an Operating Expense, shall maintain all of the structural, exterior, parking and other Common Areas of the Project, including HVAC, plumbing, fire sprinklers, elevators and all other building systems serving the Premises and other portions of the Project ("**Building Systems**"), in good repair, reasonable wear and tear and uninsured losses and damages caused by Tenant, or by any of Tenant's assignees, sublessees, licensees, agents, servants, employees, invitees and contractors (or any of Tenant's assignees, sublessees and/or licensees respective agents, servants, employees, invitees and contractors) (collectively, "**Tenant Parties**") excluded. Losses and damages caused by Tenant or any Tenant Party shall be repaired by Landlord, to the extent not covered by insurance, at Tenant's sole cost and expense. Landlord reserves the right to stop Building Systems services when necessary (i) by reason of accident or emergency, or (ii) for planned repairs, alterations or improvements, which are, in the judgment of Landlord, desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed. Landlord shall have no responsibility or liability for failure to supply Building Systems services during any such period of interruption; provided, however, that Landlord shall, except in case of emergency, make a commercially reasonable effort to give Tenant 3 business days' advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements. Landlord shall endeavor to minimize interference with Tenant's operations in the Premises in connection with such planned temporary stoppages of Building Systems. Tenant shall promptly give Landlord written notice of any repair of which Tenant becomes aware required by Landlord pursuant to this Section, after which Landlord shall make a commercially reasonable effort to effect such repair. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after Tenant's written notice of the need for such repairs or maintenance. Tenant waives its rights under any state or local law to terminate this Lease or to make such repairs at Landlord's expense and agrees that the parties' respective rights with respect to such matters shall be solely as set forth herein. Repairs required as the result of fire, earthquake, flood, vandalism, war, or similar cause of damage or destruction shall be controlled by Section 18.

14. **Tenant's Repairs.** Subject to Section 13 and Section 18 hereof, Tenant, at its expense, shall repair, replace and maintain in good condition all portions of the Premises, including, without limitation, entries, doors, ceilings, interior windows, interior walls, and the interior side of demising walls. Such repair and replacement may include capital expenditures and repairs whose benefit may extend beyond the Term. Should Tenant fail to make any such repair or replacement or fail to maintain the Premises, Landlord shall give Tenant notice of such failure. If Tenant fails to commence cure of such failure within 10 days of Landlord's notice, and thereafter diligently prosecute such cure to completion, Landlord may perform such work and shall be reimbursed by Tenant within 10 days after demand therefor; provided, however, that if such failure by Tenant creates or could create an emergency, Landlord may immediately commence cure of such failure and shall thereafter be entitled to recover the costs of such cure from Tenant. Subject to Sections 17 and 18, Tenant shall bear the full uninsured cost of any repair or replacement to any part of the Project that results from damage caused by Tenant or any Tenant Party and any repair that benefits only the Premises.

15. **Mechanic's Liens.** Tenant shall discharge, by bond or otherwise, any mechanic's lien filed against the Premises or against the Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant within 10 business days after Tenant receives notice of the filing thereof, at Tenant's sole cost and shall otherwise keep the Premises and the Project free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant. Should Tenant fail to discharge any lien described herein, Landlord shall have the right, but not the obligation, to pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title to the Project and the cost thereof shall be immediately due from Tenant as Additional Rent. If Tenant shall lease or finance the acquisition of office equipment, furnishings, or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code Financing Statement filed as a matter of public record by any lessor or creditor of Tenant will upon its face or by exhibit thereto indicate that such Financing Statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Project be furnished on the statement without qualifying language as to applicability of the lien only to removable personal property, located in an identified suite held by Tenant.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

16. **Indemnification.** Tenant hereby indemnifies and agrees to defend, save and hold Landlord, its officers, directors, employees, managers, agents, sub-agents, constituent entities and lease signators (collectively, "**Landlord Indemnified Parties**") harmless from and against any and all Claims for injury or death to persons or damage to property occurring within or about the Premises or the Project arising directly or indirectly out of the use or occupancy of the Premises or the Project by Tenant or any Tenant Party (including, without limitation, any act, omission or neglect by Tenant or any Tenant's Parties in or about the Premises or at the Project) or the breach or default by Tenant in the performance of any of its obligations hereunder, except to the extent caused by the willful misconduct or negligence of Landlord Indemnified Parties. Landlord shall not be liable to Tenant for, and Tenant assumes all risk of damage to, personal property (including, without limitation, loss of records kept within the Premises). Tenant further waives any and all Claims for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property (including, without limitation, any loss of records). Landlord Indemnified Parties shall not be liable for any damages arising from any act, omission or neglect of any tenant in the Project or of any other third party or Tenant Parties.

17. **Insurance.** Landlord shall maintain all risk property and, if applicable, sprinkler damage insurance covering the full replacement cost of the Project. Landlord shall further procure and maintain commercial general liability insurance with a single loss limit of not less than \$2,000,000 for bodily injury and property damage with respect to the Project. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary, including, but not limited to, flood, environmental hazard and earthquake, loss or failure of building equipment, errors and omissions, rental loss during the period of repair or rebuilding, workers' compensation insurance and fidelity bonds for employees employed to perform services and insurance for any improvements installed by Tenant or which are in addition to the standard improvements customarily furnished by Landlord without regard to whether or not such are made a part of the Project. All such insurance shall be included as part of the Operating Expenses. The Project may be included in a blanket policy (in which case the cost of such insurance allocable to the Project will be determined by Landlord based upon the insurer's cost calculations). Tenant shall also reimburse Landlord for any increased premiums or additional insurance which Landlord reasonably deems necessary as a result of Tenant's use of the Premises.

Tenant, at its sole cost and expense, shall maintain during the Term: all risk property insurance with business interruption and extra expense coverage, covering the full replacement cost of all property and improvements installed or placed in the Premises by Tenant at Tenant's expense; workers' compensation insurance with no less than the minimum limits required by law; employer's liability insurance with employers liability limits of \$1,000,000 bodily injury by accident – each accident, \$1,000,000 bodily injury by disease – policy limit, and \$1,000,000 bodily injury by disease – each employee; and commercial general liability insurance, with a minimum limit of not less than \$2,000,000 per occurrence for bodily injury and property damage with respect to the Premises. The commercial general liability insurance maintained by Tenant shall name Alexandria Real Estate Equities, Inc., and Landlord, its officers, directors, employees, managers, agents, sub-agents, constituent entities and lease signators (collectively, "**Landlord Insured Parties**"), as additional insureds; insure on an occurrence and not a claims-made basis; be issued by insurance companies which have a rating of not less than policyholder rating of A and financial category rating of at least Class X in "Best's Insurance Guide"; not contain a hostile fire exclusion; contain a contractual liability endorsement; and provide primary coverage to Landlord Insured Parties (any policy issued to Landlord Insured Parties providing duplicate or similar coverage shall be deemed excess over Tenant's policies, regardless of limits). Tenant shall (i) provide Landlord with 30 days advance written notice of cancellation of such commercial general liability policy, and (ii) request Tenant's insurer to endeavor to provide 30 days advance written notice to Landlord of cancellation of such commercial general liability policy. Certificates of insurance showing the limits of coverage required hereunder and showing Landlord as an additional insured, along with reasonable evidence of the payment of premiums for the applicable period, shall be delivered to Landlord by Tenant prior to (i) the earlier to occur of (x) the Commencement Date, or (y) the date that Tenant accesses the Premises under this Lease, and (ii) each renewal of said insurance. Tenant's policy may be a "blanket policy" with an aggregate per location endorsement which specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Tenant shall, at least 5 days prior to the expiration of such policies, furnish Landlord with renewal certificates.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

In each instance where insurance is to name Landlord as an additional insured, Tenant shall upon written request of Landlord also designate and furnish certificates so evidencing Landlord as additional insured to: (i) any lender of Landlord holding a security interest in the Project or any portion thereof, (ii) the landlord under any lease wherein Landlord is tenant of the real property on which the Project is located, if the interest of Landlord is or shall become that of a tenant under a ground or other underlying lease rather than that of a fee owner, and/or (iii) any management company retained by Landlord to manage the Project.

The property insurance obtained by Landlord and Tenant shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Landlord or Tenant, and their respective officers, directors, employees, managers, agents, invitees and contractors ("**Related Parties**"), in connection with any loss or damage thereby insured against. Neither party nor its respective Related Parties shall be liable to the other for loss or damage caused by any risk insured against under property insurance required to be maintained hereunder, and each party waives any claims against the other party, and its respective Related Parties, for such loss or damage. The failure of a party to insure its property shall not void this waiver. Landlord and its respective Related Parties shall not be liable for, and Tenant hereby waives all claims against such parties for, business interruption and losses occasioned thereby sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises or the Project from any cause whatsoever. If the foregoing waivers shall contravene any law with respect to exculpatory agreements, the liability of Landlord or Tenant shall be deemed not released but shall be secondary to the other's insurer.

With reasonable advance notice, Landlord may require insurance policy limits to be raised to conform with requirements of Landlord's lender and/or to bring coverage limits to levels then being generally required of new tenants within the Project; provided, however, that the increased amount of coverage is consistent with coverage amounts then being required by institutional owners of similar projects with tenants occupying similar size premises in the geographical area in which the Project is located.

18. **Restoration.** If, at any time during the Term, the Project or the Premises are damaged or destroyed by a fire or other insured casualty, Landlord shall notify Tenant within 60 days after discovery of such damage as to the amount of time Landlord reasonably estimates it will take to restore the Project or the Premises, as applicable (the "**Restoration Period**"). If the Restoration Period is estimated to exceed 12 months (the "**Maximum Restoration Period**"), Landlord may, in such notice, elect to terminate this Lease as of the date that is 75 days after the date of discovery of such damage or destruction; provided, however, that notwithstanding Landlord's election to restore, Tenant may elect to terminate this Lease by written notice to Landlord delivered within 10 business days of receipt of a notice from Landlord estimating a Restoration Period for the Premises longer than the Maximum Restoration Period. Unless either Landlord or Tenant so elects to terminate this Lease, Landlord shall, subject to receipt of sufficient insurance proceeds (with any deductible to be treated as a current Operating Expense), promptly restore the Premises (excluding the improvements installed by Tenant or by Landlord and paid for by Tenant), subject to delays arising from the collection of insurance proceeds, from Force Majeure events or as needed to obtain any license, clearance or other authorization of any kind required to enter into and restore the Premises issued by any Governmental Authority having jurisdiction over the use, storage, handling, treatment, generation, release, disposal, removal or remediation of Hazardous Materials (as defined in Section 30) in, on or about the Premises (collectively referred to herein as "**Hazardous Materials Clearances**"); provided, however, that if repair or restoration of the Premises is not substantially complete as of the end of the Maximum Restoration Period or, if longer, the Restoration Period, Landlord may, in its sole and absolute discretion, elect not to proceed with such repair and restoration, or Tenant may by written notice to Landlord delivered within 10 business days of the expiration of the Maximum Restoration Period or, if longer, the Restoration Period, elect to terminate this Lease, in which event Landlord shall be relieved of its obligation to make such repairs or restoration and this Lease shall terminate as of the date that is 75 days after the later of: (i) discovery of such damage or destruction, or (ii) the date all required Hazardous Materials Clearances are obtained, but Landlord shall retain any Rent paid and the right to any Rent payable by Tenant prior to such election by Landlord or Tenant.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Tenant, at its expense, shall promptly perform, subject to delays arising from the collection of insurance proceeds, from Force Majeure (as defined in Section 34) events or to obtain Hazardous Material Clearances, all repairs or restoration not required to be done by Landlord and shall promptly re-enter the Premises and commence doing business in accordance with this Lease. Notwithstanding the foregoing, either Landlord or Tenant may terminate this Lease upon written notice to the other if the Premises are damaged during the last year of the Term and Landlord reasonably estimates that it will take more than 2 months to repair such damage; provided, however, that such notice is delivered within 10 business days after the date that Landlord provides Tenant with written notice of the estimated Restoration Period. Notwithstanding anything to the contrary contained herein, Landlord shall also have the right to terminate this Lease if insurance proceeds are not available for such restoration. Rent shall be abated from the date all required Hazardous Material Clearances are obtained until the Premises are repaired and restored, in the proportion which the area of the Premises, if any, which is not usable by Tenant bears to the total area of the Premises, unless Landlord provides Tenant with other space during the period of repair that is suitable for the temporary conduct of Tenant's business. In the event that no Hazardous Material Clearances are required to be obtained by Tenant with respect to the Premises, rent abatement shall commence on the date of discovery of the damage or destruction. Such abatement shall be the sole remedy of Tenant, and except as provided in this Section 18, Tenant waives any right to terminate the Lease by reason of damage or casualty loss.

The provisions of this Lease, including this Section 18, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Project, and any statute or regulation which is now or may hereafter be in effect shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Project, the parties hereto expressly agreeing that this Section 18 sets forth their entire understanding and agreement with respect to such matters.

19. **Condemnation.** If the whole or any material part of the Premises or the Project is taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "**Taking**" or "**Taken**"), and the Taking would in Landlord's reasonable judgment, either prevent or materially interfere with Tenant's use of the Premises or materially interfere with or impair Landlord's ownership or operation of the Project, then upon written notice by Landlord this Lease shall terminate and Rent shall be apportioned as of said date. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, Landlord shall promptly restore the Premises and the Project as nearly as is commercially reasonable under the circumstances to their condition prior to such partial Taking and the rentable square footage of the Building, the rentable square footage of the Premises, Tenant's Share of Operating Expenses and the Rent payable hereunder during the unexpired Term shall be reduced to such extent as may be fair and reasonable under the circumstances. Upon any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for such compensation as may be separately awarded or recoverable by Tenant for moving expenses and damage to Tenant's trade fixtures, if a separate award for such items is made to Tenant. Tenant hereby waives any and all rights it might otherwise have pursuant to any provision of state law to terminate this Lease upon a partial Taking of the Premises or the Project.

20. **Events of Default.** Each of the following events shall be a default ("**Default**") by Tenant under this Lease:

(a) **Payment Defaults.** Tenant shall fail to pay any installment of Rent or any other payment hereunder when due; provided, however, that Landlord will give Tenant notice and an opportunity to cure any failure to pay Rent within 3 days of any such notice not more than once in any 12 month period and Tenant agrees that such notice shall be in lieu of and not in addition to, or shall be deemed to be, any notice required by law.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

(b) **Insurance.** Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, or Landlord shall receive a notice of nonrenewal of any such insurance and Tenant shall fail to obtain replacement insurance at least 20 days before the expiration of the current coverage.

(c) **Abandonment.** Tenant shall abandon the Premises (other than as the result of a casualty governed by [Section 18](#) or a Taking governed by [Section 19](#)); provided, however, that Tenant shall not be deemed to have abandoned the Premises if Tenant provides Landlord with reasonable advance notice prior to vacating and, at the time of vacating the Premises, (i) Tenant completes Tenant's obligations under the Decommissioning and HazMat Closure Plan in compliance with [Section 28](#), (ii) Tenant has obtained the release of the Premises of all Hazardous Materials Clearances and the Premises are free from any residual impact from the Tenant HazMat Operations and provides reasonably detailed documentation to Landlord confirming such matters, (iii) Tenant has made reasonable arrangements with Landlord for the security of the Premises for the balance of the Term, and (iv) Tenant continues during the balance of the Term to satisfy and perform all of Tenant's obligations under this Lease as they come due.

(d) **Improper Transfer.** Tenant shall assign, sublease or otherwise transfer or attempt to transfer all or any portion of Tenant's interest in this Lease or the Premises except as expressly permitted herein, or Tenant's interest in this Lease shall be attached, executed upon, or otherwise judicially seized and such action is not released within 90 days of the action.

(e) **Liens.** Tenant shall fail to discharge or otherwise obtain the release of any lien placed upon the Premises in violation of this Lease within 10 business days after Tenant receives notice that any such lien is filed against the Premises.

(f) **Insolvency Events.** Tenant or any guarantor or surety of Tenant's obligations hereunder shall: (A) make a general assignment for the benefit of creditors; (B) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively a "**Proceeding for Relief**"); (C) become the subject of any Proceeding for Relief which is not dismissed within 90 days of its filing or entry; or (D) die or suffer a legal disability (if Tenant, guarantor, or surety is an individual) or be dissolved or otherwise fail to maintain its legal existence (if Tenant, guarantor or surety is a corporation, partnership or other entity).

(g) **Estoppel Certificate or Subordination Agreement.** Tenant fails to execute any document required from Tenant under [Sections 23](#) or [27](#) within 5 business days after a second notice requesting such document.

(h) **Other Defaults.** Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in this [Section 20](#), and, except as otherwise expressly provided herein, such failure shall continue for a period of 30 days after written notice thereof from Landlord to Tenant.

Any notice given under [Section 20\(h\)](#) hereof shall: (i) specify the alleged default, (ii) demand that Tenant cure such default, (iii) be in lieu of, and not in addition to, or shall be deemed to be, any notice required under any provision of applicable law, and (iv) not be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice; provided that if the nature of Tenant's default pursuant to [Section 20\(h\)](#) is such that it cannot be cured by the payment of money and reasonably requires more than 30 days to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30 day period and thereafter diligently prosecutes the same to completion; provided, however, that such cure shall be completed no later than 90 days from the date of Landlord's notice.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



21. **Landlord's Remedies.**

(a) **Payment By Landlord; Interest.** Upon a Default by Tenant hereunder, Landlord may, without waiving or releasing any obligation of Tenant hereunder, make such payment or perform such act. All sums so paid or incurred by Landlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to 12% per annum or the highest rate permitted by law (the "**Default Rate**"), whichever is less, shall be payable to Landlord on demand as Additional Rent. Nothing herein shall be construed to create or impose a duty on Landlord to mitigate any damages resulting from Tenant's Default hereunder.

(b) **Late Payment Rent.** Late payment by Tenant to Landlord of Rent and other sums due will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord under any Mortgage covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within 5 days after the date such payment is due, Tenant shall pay to Landlord an additional sum equal to 6% of the overdue Rent as a late charge. Notwithstanding the foregoing, before assessing a late charge the first time in any calendar year, Landlord shall provide Tenant written notice of the delinquency and will waive the right if Tenant pays such delinquency within 5 days thereafter. The parties agree that this late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. In addition to the late charge, Rent not paid when due shall bear interest at the Default Rate from the 5th day after the date due until paid.

(c) **Remedies.** Upon the occurrence of a Default, Landlord, at its option, without further notice or demand to Tenant, shall have in addition to all other rights and remedies provided in this Lease, at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

(i) Terminate this Lease, or at Landlord's option, Tenant's right to possession only, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor;

(ii) Upon any termination of this Lease, whether pursuant to the foregoing Section 21(c)(i) or otherwise, Landlord may recover from Tenant the following:

(A) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(B) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(C) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(D) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

(E) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 21 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 21(c)(i)(A) and (B), above, the "**worth at the time of award**" shall be computed by allowing interest at the Default Rate. As used in Section 21(c)(i)(C) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(iii) Landlord may continue this Lease in effect after Tenant's Default and recover rent as it becomes due (Landlord and Tenant hereby agreeing that Tenant has the right to sublet or assign hereunder, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease following a Default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies hereunder, including the right to recover all Rent as it becomes due.

(iv) Whether or not Landlord elects to terminate this Lease following a Default by Tenant, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. Upon Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

(v) Independent of the exercise of any other remedy of Landlord hereunder or under applicable law, Landlord may conduct an environmental test of the Premises as generally described in Section 30(d) hereof, at Tenant's expense.

(d) **Effect of Exercise.** Exercise by Landlord of any remedies hereunder or otherwise available shall not be deemed to be an acceptance of surrender of the Premises and/or a termination of this Lease by Landlord, it being understood that such surrender and/or termination can be effected only by the express written agreement of Landlord and Tenant. Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the provisions of this Lease in strict accordance with the terms hereof; and the failure of Landlord at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same and shall not be deemed a waiver of Landlord's right to enforce one or more of its rights in connection with any subsequent default. A receipt by Landlord of Rent or other payment with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. To the greatest extent permitted by law, Tenant waives the service of notice of Landlord's intention to re-enter, re-take or otherwise obtain possession of the Premises as provided in any statute, or to institute legal proceedings to that end, and also waives all right of redemption in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge. Any reletting of the Premises or any portion thereof shall be on such terms and conditions as Landlord in its sole discretion may determine. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or collect rent due in respect of such reletting or otherwise to mitigate any damages arising by reason of Tenant's Default.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

22. **Assignment and Subletting.**

(a) **General Prohibition.** Without Landlord's prior written consent subject to and on the conditions described in this Section 22, Tenant shall not, directly or indirectly, voluntarily or by operation of law, assign this Lease or sublease the Premises or any part thereof or mortgage, pledge, or hypothecate its leasehold interest or grant any concession or license within the Premises, and any attempt to do any of the foregoing shall be void and of no effect. If Tenant is a corporation, partnership or limited liability company, the shares or other ownership interests thereof which are not actively traded upon a stock exchange or in the over-the-counter market, a transfer or series of transfers whereby 50% or more of the issued and outstanding shares or other ownership interests of such corporation are, or voting control is, transferred (but excepting transfers upon deaths of individual owners) from a person or persons or entity or entities which were owners thereof at time of execution of this Lease to persons or entities who were not owners of shares or other ownership interests of the corporation, partnership or limited liability company at time of execution of this Lease, shall be deemed an assignment of this Lease requiring the consent of Landlord as provided in this Section 22.

(b) **Permitted Transfers.** If Tenant desires to assign, sublease, hypothecate or otherwise transfer this Lease or sublet the Premises other than pursuant to a Permitted Assignment (as defined below), then at least 15 business days, but not more than 90 days, before the date Tenant desires the assignment or sublease to be effective (the "**Assignment Date**"), Tenant shall give Landlord a notice (the "**Assignment Notice**") containing such information about the proposed assignee or sublessee, including the proposed use of the Premises and any Hazardous Materials proposed to be used, stored handled, treated, generated in or released or disposed of from the Premises, the Assignment Date, any relationship between Tenant and the proposed assignee or sublessee, and all material terms and conditions of the proposed assignment or sublease, including a copy of any proposed assignment or sublease in its final form, and such other information as Landlord may deem reasonably necessary or appropriate to its consideration whether to grant its consent. Landlord may, by giving written notice to Tenant within 15 business days after receipt of the Assignment Notice: (i) grant such consent (provided that Landlord shall further have the right to review and approve or disapprove the proposed form of sublease prior to the effective date of any such subletting), (ii) refuse such consent, in its reasonable discretion; or (iii) terminate this Lease with respect to the space described in the Assignment Notice as of the Assignment Date (an "**Assignment Termination**"). Among other reasons, it shall be reasonable for Landlord to withhold its consent in any of these instances: (1) the proposed assignee or subtenant is a governmental agency; (2) in Landlord's reasonable judgment, the use of the Premises by the proposed assignee or subtenant would entail any alterations that would lessen the value of the leasehold improvements in the Premises, or would require increased services by Landlord; (3) in Landlord's reasonable judgment, the proposed assignee or subtenant is engaged in areas of scientific research or other business concerns that are controversial such that they may (i) attract or cause negative publicity for or about the Building or the Project, (ii) negatively affect the reputation of the Building, the Project or Landlord, (iii) attract protestors to the Building or the Project, or (iv) lessen the attractiveness of the Building or the Project to any tenants or prospective tenants, purchasers or lenders; (4) in Landlord's reasonable judgment, the proposed assignee or subtenant lacks the creditworthiness to support the financial obligations it will incur under the proposed assignment or sublease; (5) in Landlord's reasonable judgment, the character, reputation, or business of the proposed assignee or subtenant is inconsistent with the desired tenant-mix or the quality of other tenancies in the Project or is inconsistent with the type and quality of the nature of the Building; (6) Landlord has received from any prior landlord to the proposed assignee or subtenant a negative report concerning such prior landlord's experience with the proposed assignee or subtenant; (7) Landlord has experienced previous defaults by or is in litigation with the proposed assignee or subtenant; (8) the use of the Premises by the proposed assignee or subtenant will violate any applicable Legal Requirement; (9) the proposed assignee or subtenant, or any entity that, directly or indirectly, controls, is controlled by, or is under common control with the proposed assignee or subtenant, is then an occupant of the Project; (10) the proposed assignee or subtenant is an entity with whom Landlord is negotiating to lease space in the Project; or (11) the assignment or sublease is prohibited by Landlord's lender. If Landlord delivers notice of its election to exercise an Assignment Termination, Tenant shall have the right to withdraw such Assignment Notice by written notice to Landlord of such election within 5 business days after Landlord's notice electing to exercise the Assignment



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Termination. If Tenant withdraws such Assignment Notice, this Lease shall continue in full force and effect. If Tenant does not withdraw such Assignment Notice, this Lease, and the term and estate herein granted, shall terminate as of the Assignment Date with respect to the space described in such Assignment Notice. No failure of Landlord to exercise any such option to terminate this Lease, or to deliver a timely notice in response to the Assignment Notice, shall be deemed to be Landlord's consent to the proposed assignment, sublease or other transfer. Tenant shall pay to Landlord a fee equal to Two Thousand Five Hundred Dollars (\$2,500) in connection with its consideration of any Assignment Notice and/or its preparation or review of any consent documents. Notwithstanding the foregoing, Landlord's consent to an assignment of this Lease or a subletting of any portion of the Premises to any entity controlling, controlled by or under common control with Tenant (a "**Control Permitted Assignment**") shall not be required, provided that Tenant and any assignee or sublessee subject to a Control Permitted Assignment shall execute a consent to assignment or consent to sublease, as applicable, on Landlord's standard commercially reasonable form. In addition, Tenant shall have the right to assign this Lease, upon 30 days prior written notice to Landlord but without obtaining Landlord's prior written consent, to a corporation or other entity which is a successor-in-interest to Tenant, by way of merger, consolidation or corporate reorganization, or by the purchase of all or substantially all of the assets or the ownership interests of Tenant provided that (i) such merger or consolidation, or such acquisition or assumption, as the case may be, is for a good business purpose and not principally for the purpose of transferring the Lease, and (ii) the net worth (as determined in accordance with generally accepted accounting principles ("**GAAP**")) of the assignee is not less than the greater of the net worth (as determined in accordance with GAAP) of Tenant as of (A) the Commencement Date, or (B) as of the date of Tenant's most current quarterly or annual financial statements, and (iii) such assignee shall agree in writing to assume all of the terms, covenants and conditions of this Lease (a "**Corporate Permitted Assignment**"). Control Permitted Assignments and Corporate Permitted Assignments are hereinafter referred to as "**Permitted Assignments.**"

(c) **Additional Conditions.** As a condition to any such assignment or subletting, whether or not Landlord's consent is required, Landlord may require:

(i) that any assignee or subtenant agree, in writing at the time of such assignment or subletting, that if Landlord gives such party notice that Tenant is in default under this Lease, such party shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments will be received by Landlord without any liability except to credit such payment against those due under the Lease, and any such third party shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, in no event shall Landlord or its successors or assigns be obligated to accept such attornment; and

(ii) A list of Hazardous Materials, certified by the proposed assignee or sublessee to be true and correct, which the proposed assignee or sublessee intends to use, store, handle, treat, generate in or release or dispose of from the Premises, together with copies of all documents relating to such use, storage, handling, treatment, generation, release or disposal of Hazardous Materials by the proposed assignee or subtenant in the Premises or on the Project, prior to the proposed assignment or subletting, including, without limitation: permits; approvals; reports and correspondence; storage and management plans; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); and all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks. Neither Tenant nor any such proposed assignee or subtenant is required, however, to provide Landlord with any portion(s) of the such documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities.

(d) **No Release of Tenant, Sharing of Excess Rents.** Notwithstanding any assignment or subletting, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times remain fully and primarily responsible and liable for the payment of Rent and for compliance with all of



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Tenant's other obligations under this Lease. If the Rent due and payable by a sublessee or assignee (or a combination of the rental payable under such sublease or assignment plus any bonus or other consideration therefor or incident thereto in any form) exceeds the sum of the rental payable under this Lease, (excluding however, any Rent payable under this Section) and actual and reasonable brokerage fees, legal costs and any design or construction fees directly related to and required pursuant to the terms of any such sublease) ("**Excess Rent**"), then Tenant shall be bound and obligated to pay Landlord as Additional Rent hereunder 50% of such Excess Rent within 10 days following receipt thereof by Tenant. If Tenant shall sublet the Premises or any part thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of a Default, Tenant shall have the right to collect such rent.

(e) **No Waiver.** The consent by Landlord to an assignment or subletting shall not relieve Tenant or any assignees of this Lease or any sublessees of the Premises from obtaining the consent of Landlord to any further assignment or subletting nor shall it release Tenant or any assignee or sublessee of Tenant from full and primary liability under the Lease. The acceptance of Rent hereunder, or the acceptance of performance of any other term, covenant, or condition thereof, from any other person or entity shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to any subletting, assignment or other transfer of the Premises.

(f) **Prior Conduct of Proposed Transferee.** Notwithstanding any other provision of this Section 22, if (i) the proposed assignee or sublessee of Tenant has been required by any prior landlord, lender or Governmental Authority to take remedial action in connection with Hazardous Materials contaminating a property, where the contamination resulted from such party's action or use of the property in question, (ii) the proposed assignee or sublessee is subject to an enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority), or (iii) because of the existence of a pre-existing environmental condition in the vicinity of or underlying the Project, the risk that Landlord would be targeted as a responsible party in connection with the remediation of such pre-existing environmental condition would be materially increased or exacerbated by the proposed use of Hazardous Materials by such proposed assignee or sublessee, Landlord shall have the absolute right to refuse to consent to any assignment or subletting to any such party.

23. **Estoppel Certificate.** Tenant shall, within 10 business days of written notice from Landlord, execute, acknowledge and deliver a statement in writing in any form reasonably requested by a proposed lender or purchaser, (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any, (ii) acknowledging that there are not any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (iii) setting forth such further information with respect to the status of this Lease or the Premises as may be requested thereon. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such statement within such time shall, at the option of Landlord, constitute a Default under this Lease, and, in any event, shall be conclusive upon Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

24. **Quiet Enjoyment.** So long as Tenant is not in Default under this Lease, Tenant shall, subject to the terms of this Lease, at all times during the Term, have peaceful and quiet enjoyment of the Premises against any person claiming by, through or under Landlord.

25. **Prorations.** All prorations required or permitted to be made hereunder shall be made on the basis of a 360 day year and 30 day months.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

26. **Rules and Regulations.** Tenant shall, at all times during the Term and any extension thereof, comply with all reasonable rules and regulations at any time or from time to time established by Landlord covering use of the Premises and the Project. The current rules and regulations are attached hereto as **Exhibit E**. Any new rules and regulations imposed by Landlord pursuant to this Section 26 shall not (i) materially adversely affect Tenant's parking or Tenant's access to or use of the Premises for the Permitted Use, and/or (ii) materially increase Tenant's financial obligations to Landlord under this Lease in a manner not otherwise contemplated by the other provisions of this Lease. If there is any conflict between said rules and regulations and other provisions of this Lease, the terms and provisions of this Lease shall control. Landlord shall not have any liability or obligation for the breach of any rules or regulations by other tenants in the Project and shall not enforce such rules and regulations in a discriminatory manner.

27. **Subordination.** This Lease and Tenant's interest and rights hereunder are hereby made and shall be subject and subordinate at all times to the lien of any Mortgage now existing or hereafter created on or against the Project or the Premises, and all amendments, restatements, renewals, modifications, consolidations, refinancing, assignments and extensions thereof, without the necessity of any further instrument or act on the part of Tenant; provided, however that so long as there is no Default hereunder, Tenant's right to possession of the Premises shall not be disturbed by the Holder of any such Mortgage. Tenant agrees, at the election of the Holder of any such Mortgage, to attorn to any such Holder. Tenant agrees upon demand to execute, acknowledge and deliver such instruments, confirming such subordination, and such instruments of attornment as shall be requested by any such Holder, provided any such instruments contain appropriate non-disturbance provisions assuring Tenant's quiet enjoyment of the Premises as set forth in Section 24 hereof. Notwithstanding the foregoing, any such Holder may at any time subordinate its Mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of execution, delivery or recording and in that event such Holder shall have the same rights with respect to this Lease as though this Lease had been executed prior to the execution, delivery and recording of such Mortgage and had been assigned to such Holder. The term "**Mortgage**" whenever used in this Lease shall be deemed to include deeds of trust, security assignments and any other encumbrances, and any reference to the "**Holder**" of a Mortgage shall be deemed to include the beneficiary under a deed of trust.

Landlord agrees to use reasonable efforts to cause the Holder of any future Mortgage to enter into a subordination, non-disturbance and attornment agreement ("**SNDA**") with Tenant with respect to this Lease. The SNDA shall be on the form proscribed by the Holder and Tenant shall pay the Holder's fees and costs in connection with obtaining such SNDA; provided, however, that Landlord shall request that Holder make any changes to the SNDA requested by Tenant. Landlord's failure to cause the Holder to enter into the SNDA with Tenant (or make any of the changes requested by Tenant) shall not be a default by Landlord under this Lease.

28. **Surrender.** Upon the expiration of the Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord in the same condition as received, subject to any Alterations or Installations permitted by Landlord to remain in the Premises, free of Hazardous Materials brought upon, kept, used, stored, handled, treated, generated in, or released or disposed of from, the Premises by any person other than a Landlord Party (collectively, "**Tenant HazMat Operations**") and released of all Hazardous Materials Clearances, broom clean, ordinary wear and tear and casualty loss and condemnation covered by Sections 18 and 19 excepted. At least 3 months prior to the surrender of the Premises or such earlier date as Tenant may elect to cease operations at the Premises, Tenant shall deliver to Landlord a narrative description of the actions proposed (or required by any Governmental Authority) to be taken by Tenant in order to surrender the Premises (including any Installations permitted by Landlord to remain in the Premises) at the expiration or earlier termination of the Term, free from any residual impact from the Tenant HazMat Operations and otherwise released for unrestricted use and occupancy (the "**Decommissioning and HazMat Closure Plan**"). Such Decommissioning and HazMat Closure Plan shall be accompanied by a current listing of (i) all Hazardous Materials licenses and permits held by or on behalf of any Tenant Party with respect to the Premises, and (ii) all Hazardous Materials used, stored, handled, treated, generated, released or disposed of from the



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Premises, and shall be subject to the review and approval of Landlord's environmental consultant. In connection with the review and approval of the Decommissioning and HazMat Closure Plan, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such additional non-proprietary information concerning Tenant HazMat Operations as Landlord shall request. On or before such surrender, Tenant shall deliver to Landlord evidence that the approved Decommissioning and HazMat Closure Plan shall have been satisfactorily completed and Landlord shall have the right, subject to reimbursement at Tenant's expense as set forth below, to cause Landlord's environmental consultant to inspect the Premises and perform such additional procedures as may be deemed reasonably necessary to confirm that the Premises are, as of the effective date of such surrender or early termination of the Lease, free from any residual impact from Tenant HazMat Operations. Tenant shall reimburse Landlord, as Additional Rent, for the actual out-of-pocket expense incurred by Landlord for Landlord's environmental consultant to review and approve the Decommissioning and HazMat Closure Plan and to visit the Premises and verify satisfactory completion of the same, which cost shall not exceed \$5,000. Landlord shall have the unrestricted right to deliver such Decommissioning and HazMat Closure Plan and any report by Landlord's environmental consultant with respect to the surrender of the Premises to third parties.

If Tenant shall fail to prepare or submit a Decommissioning and HazMat Closure Plan approved by Landlord, or if Tenant shall fail to complete the approved Decommissioning and HazMat Closure Plan, or if such Decommissioning and HazMat Closure Plan, whether or not approved by Landlord, shall fail to adequately address any residual effect of Tenant HazMat Operations in, on or about the Premises, Landlord shall have the right to take such actions as Landlord may deem reasonable or appropriate to assure that the Premises and the Project are surrendered free from any residual impact from Tenant HazMat Operations, the cost of which actions shall be reimbursed by Tenant as Additional Rent, without regard to the limitation set forth in the first paragraph of this Section 28.

Tenant shall immediately return to Landlord all keys and/or access cards to parking, the Project, restrooms or all or any portion of the Premises furnished to or otherwise procured by Tenant. If any such access card or key is lost, Tenant shall pay to Landlord, at Landlord's election, either the cost of replacing such lost access card or key or the cost of reprogramming the access security system in which such access card was used or changing the lock or locks opened by such lost key. Any Tenant's Property, Alterations and property not so removed by Tenant as permitted or required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and/or disposition of such property. All obligations of Tenant hereunder not fully performed as of the termination of the Term, including the obligations of Tenant under Section 30 hereof, shall survive the expiration or earlier termination of the Term, including, without limitation, indemnity obligations, payment obligations with respect to Rent and obligations concerning the condition and repair of the Premises.

29. **Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO.

### 30. Environmental Requirements.

(a) **Prohibition/Compliance/Indemnity.** Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises or the Project in violation of applicable Environmental Requirements (as hereinafter defined) by Tenant or any Tenant Party. If Tenant breaches the obligation stated in the preceding sentence, or if the presence of Hazardous Materials in the Premises during the Term or any holding over results in contamination of the Premises, the Project or any adjacent property or if contamination of the Premises, the Project or any adjacent property by Hazardous Materials



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

brought into, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises by anyone other than Landlord and Landlord's employees, agents and contractors otherwise occurs during the Term or any holding over, Tenant hereby indemnifies and shall defend and hold Landlord, its officers, directors, employees, agents and contractors harmless from any and all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages and damages based upon diminution in value of the Premises or the Project, or the loss of, or restriction on, use of the Premises or any portion of the Project), expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses (collectively, "**Environmental Claims**") which arise during or after the Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, treatment, remedial, removal, or restoration work required by any federal, state or local Governmental Authority because of Hazardous Materials present in the air, soil or ground water above, on, or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises, the Building, the Project or any adjacent property caused or permitted by Tenant or any Tenant Party results in any contamination of the Premises, the Building, the Project or any adjacent property, Tenant shall promptly take all actions at its sole expense and in accordance with applicable Environmental Requirements as are necessary to return the Premises, the Building, the Project or any adjacent property to the condition existing prior to the time of such contamination, provided that Landlord's approval of such action shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises, the Building or the Project. Notwithstanding anything to the contrary contained in this Section 30, Tenant shall not be responsible for, and the indemnification and hold harmless obligation set forth in this paragraph shall not apply to (i) contamination in the Premises which Tenant can prove to Landlord's reasonable satisfaction existed in the Premises immediately prior to the Commencement Date, or (ii) the presence of any Hazardous Materials in the Premises which Tenant can prove to Landlord's reasonable satisfaction migrated from outside of the Premises into the Premises, unless in either case, the presence of such Hazardous Materials (x) is the result of a breach by Tenant of any of its obligations under this Lease, or (y) was caused, contributed to or exacerbated by Tenant or any Tenant Party.

(b) **Business.** Landlord acknowledges that it is not the intent of this Section 30 to prohibit Tenant from using the Premises for the Permitted Use. Tenant may operate its business according to prudent industry practices so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all then applicable Environmental Requirements. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord prior to the Commencement Date a list identifying each type of Hazardous Materials to be brought upon, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Premises and setting forth any and all governmental approvals or permits required in connection with the presence, use, storage, handling, treatment, generation, release or disposal of such Hazardous Materials on or from the Premises ("**Hazardous Materials List**"). Upon Landlord's request, or any time that Tenant is required to deliver a Hazardous Materials List to any Governmental Authority (e.g., the fire department) in connection with Tenant's use or occupancy of the Premises, Tenant shall deliver to Landlord a copy of such Hazardous Materials List. Tenant shall deliver to Landlord true and correct copies of the following documents (the "**Haz Mat Documents**") relating to the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials prior to the Commencement Date, or if unavailable at that time, concurrent with the receipt from or submission to a Governmental Authority: permits; approvals; reports and correspondence; storage and management plans, notice of violations of any Legal Requirements; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks; and a



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Net Multi-Tenant Laboratory

Decommissioning and Hazmat Closure Plan (to the extent surrender in accordance with [Section 28](#) cannot be accomplished in 3 months). Tenant is not required, however, to provide Landlord with any portion(s) of the Haz Mat Documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities. It is not the intent of this Section to provide Landlord with information which could be detrimental to Tenant's business should such information become possessed by Tenant's competitors.

(c) **Tenant Representation and Warranty.** Tenant hereby represents and warrants to Landlord that (i) neither Tenant nor any of its legal predecessors has been required by any prior landlord, lender or Governmental Authority at any time to take remedial action in connection with Hazardous Materials contaminating a property which contamination was permitted by Tenant of such predecessor or resulted from Tenant's or such predecessor's action or use of the property in question, and (ii) Tenant is not subject to any enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority). If Landlord determines that this representation and warranty was not true as of the date of this lease, Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion.

(d) **Testing.** Landlord shall have the right to conduct annual tests of the Premises to determine whether any contamination of the Premises or the Project has occurred as a result of Tenant's use. Tenant shall be required to pay the cost of such annual test of the Premises if there is violation of this [Section 30](#) or if contamination for which Tenant is responsible under this [Section 30](#) is identified; provided, however, that if Tenant conducts its own tests of the Premises using third party contractors and test procedures acceptable to Landlord which tests are certified to Landlord, Landlord shall accept such tests in lieu of the annual tests to be paid for by Tenant. In addition, at any time, and from time to time, prior to the expiration or earlier termination of the Term, Landlord shall have the right to conduct appropriate tests of the Premises and the Project to determine if contamination has occurred as a result of Tenant's use of the Premises. In connection with such testing, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such non-proprietary information concerning the use of Hazardous Materials in or about the Premises by Tenant or any Tenant Party. If contamination has occurred for which Tenant is liable under this [Section 30](#), Tenant shall pay all costs to conduct such tests. If no such contamination is found, Landlord shall pay the costs of such tests (which shall not constitute an Operating Expense). Landlord shall provide Tenant with a copy of all third party, non-confidential reports and tests of the Premises made by or on behalf of Landlord during the Term without representation or warranty and subject to a confidentiality agreement. Tenant shall, at its sole cost and expense, promptly and satisfactorily remediate any environmental conditions identified by such testing in accordance with all Environmental Requirements. Landlord's receipt of or satisfaction with any environmental assessment in no way waives any rights which Landlord may have against Tenant.

(e) **Control Areas.** Tenant shall be allowed to utilize up to its pro rata share of the Hazardous Materials inventory within any control area or zone (located within the Premises), as designated by the applicable building code, for chemical use or storage. As used in the preceding sentence, Tenant's pro rata share of any control areas or zones located within the Premises shall be determined based on the rentable square footage that Tenant leases within the applicable control area or zone. For purposes of example only, if a control area or zone contains 10,000 rentable square feet and 2,000 rentable square feet of a tenant's premises are located within such control area or zone (while such premises as a whole contains 5,000 rentable square feet), the applicable tenant's pro rata share of such control area would be 20%.

(f) **Underground Tanks.** Tenant shall have no right to use or install any underground or other storage tanks at the Project.

(g) **Tenant's Obligations.** Tenant's obligations under this [Section 30](#) shall survive the expiration or earlier termination of the Lease. During any period of time after the expiration or earlier termination of this Lease required by Tenant or Landlord to complete the removal from the Premises of



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

any Hazardous Materials (including, without limitation, the release and termination of any licenses or permits restricting the use of the Premises and the completion of the approved Decommissioning and Hazmat Closure Plan), Tenant shall continue to pay the full Rent in accordance with this Lease for any portion of the Premises not relet by Landlord in Landlord's sole discretion, which Rent shall be prorated daily.

(h) **Definitions.** As used herein, the term "**Environmental Requirements**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any Governmental Authority regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the Project, or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. As used herein, the term "**Hazardous Materials**" means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, or regulated by reason of its impact or potential impact on humans, animals and/or the environment under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). As defined in Environmental Requirements, Tenant is and shall be deemed to be the "**operator**" of Tenant's "**facility**" and the "**owner**" of all Hazardous Materials brought on the Premises by Tenant or any Tenant Party, and the wastes, by-products, or residues generated, resulting, or produced therefrom.

31. **Tenant's Remedies/Limitation of Liability.** Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within 30 days after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of 30 days, then after such period of time as is reasonably necessary). Upon any default by Landlord, Tenant shall give notice by registered or certified mail to any Holder of a Mortgage covering the Premises and to any landlord of any lease of property in or on which the Premises are located and Tenant shall offer such Holder and/or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided Landlord shall have furnished to Tenant in writing the names and addresses of all such persons who are to receive such notices. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder.

Notwithstanding the foregoing, if any claimed Landlord default hereunder will immediately, materially and adversely affect Tenant's ability to conduct its business in the Premises (a "**Material Landlord Default**"), Tenant shall, as soon as reasonably possible, but in any event within 2 business days of obtaining knowledge of such claimed Material Landlord Default, give Landlord written notice of such claim which notice shall specifically state that a Material Landlord Default exists and telephonic notice to Tenant's principal contact with Landlord. Landlord shall then have 2 business days to commence cure of such claimed Material Landlord Default and shall diligently prosecute such cure to completion. If such claimed Material Landlord Default is not a default by Landlord hereunder, Landlord shall be entitled to recover from Tenant, as Additional Rent, any costs incurred by Landlord in connection with such cure in excess of the costs, if any, that Landlord would otherwise have been liable to pay hereunder. If Landlord fails to commence cure of any claimed Material Landlord Default as provided above, Tenant may commence and prosecute such cure to completion provided that it does not affect any Building Systems affecting other tenants, the Building structure or Common Areas, and shall be entitled to recover the costs of such cure (but not any consequential or other damages) from Landlord by way of reimbursement from Landlord with no right to offset against Rent, to the extent of Landlord's obligation to cure such claimed Material Landlord Default hereunder, subject to the limitations set forth in the immediately preceding sentence of this paragraph and the other provisions of this Lease.

All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Premises and not thereafter. The term "**Landlord**" in this Lease shall mean only the owner for the time being of the Premises. Upon the transfer by such owner of its interest in the



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Premises, such owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, but such obligations shall be binding during the Term upon each new owner for the duration of such owner's ownership.

32. **Inspection and Access.** Landlord and its agents, representatives, and contractors may enter the Premises at any reasonable time to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Lease and for any other business purpose. Landlord and Landlord's representatives may enter the Premises during business hours on not less than 48 hours advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of effecting any such repairs, inspecting the Premises, showing the Premises to prospective purchasers and, during the last 18 months of the Term, to prospective tenants or for any other business purpose. Landlord may grant easements, make public dedications, designate Common Areas and create restrictions on or about the Premises, provided that no such easement, dedication, designation or restriction materially, adversely affects Tenant's use or occupancy of the Premises for the Permitted Use. At Landlord's request, Tenant shall execute such instruments as may be necessary for such easements, dedications or restrictions. Tenant shall at all times, except in the case of emergencies, have the right to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely affect Landlord's access rights hereunder.

33. **Security.** Tenant acknowledges and agrees that security devices and services, if any, while intended to deter crime may not in given instances prevent theft or other criminal acts and that Landlord is not providing any security services with respect to the Premises. Tenant agrees that Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other damage suffered or incurred by Tenant in connection with any unauthorized entry into the Premises or any other breach of security with respect to the Premises. Tenant shall be solely responsible for the personal safety of Tenant's officers, employees, agents, contractors, guests and invitees while any such person is in, on or about the Premises and/or the Project. Tenant shall at Tenant's cost obtain insurance coverage to the extent Tenant desires protection against such criminal acts.

34. **Force Majeure.** Except for the payment of Rent, neither Landlord nor Tenant shall be held responsible or liable for delays in the performance of its obligations hereunder when caused by, related to, or arising out of acts of God, sinkholes or subsidence, strikes, lockouts, or other labor disputes, embargoes, quarantines, weather, national, regional, or local disasters, calamities, or catastrophes, inability to obtain labor or materials (or reasonable substitutes therefor) at reasonable costs or failure of, or inability to obtain, utilities necessary for performance, governmental restrictions, orders, limitations, regulations, or controls, national emergencies, delay in issuance or revocation of permits, enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, fire or other casualty, and other causes or events beyond their reasonable control ("**Force Majeure**").

35. **Brokers.** Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "**Broker**") in connection with this transaction and that no Broker brought about this transaction, other than Flinn Ferguson and CRESA, who serve as Tenant's broker. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker, other than Flinn Ferguson and CRESA, claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this leasing transaction. Landlord shall be responsible for all commissions due to Flinn Ferguson and CRESA arising out of the execution of this Lease in accordance with the terms of a separate written agreement between Flinn Ferguson and CRESA, on the one hand, and Landlord, on the other hand.

36. **Limitation on Landlord's Liability.** NOTWITHSTANDING ANYTHING SET FORTH HEREIN OR IN ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT TO THE CONTRARY: (A) LANDLORD SHALL NOT BE LIABLE TO TENANT OR ANY OTHER PERSON FOR (AND TENANT AND EACH SUCH OTHER PERSON ASSUME ALL RISK OF) LOSS, DAMAGE OR



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

INJURY, WHETHER ACTUAL OR CONSEQUENTIAL TO: TENANT'S PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION, INCLUDING, WITHOUT LIMITATION TRADE FIXTURES, EQUIPMENT, INVENTORY, SCIENTIFIC RESEARCH, SCIENTIFIC EXPERIMENTS, LABORATORY ANIMALS, PRODUCT, SPECIMENS, SAMPLES, AND/OR SCIENTIFIC, BUSINESS, ACCOUNTING AND OTHER RECORDS OF EVERY KIND AND DESCRIPTION KEPT AT THE PREMISES AND ANY AND ALL INCOME DERIVED OR DERIVABLE THEREFROM; (B) THERE SHALL BE NO PERSONAL RECOURSE TO LANDLORD FOR ANY ACT OR OCCURRENCE IN, ON OR ABOUT THE PREMISES OR ARISING IN ANY WAY UNDER THIS LEASE OR ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ANY LIABILITY OF LANDLORD HEREUNDER SHALL BE STRICTLY LIMITED SOLELY TO LANDLORD'S INTEREST IN THE PROJECT OR ANY PROCEEDS FROM SALE OR CONDEMNATION THEREOF AND ANY INSURANCE PROCEEDS PAYABLE IN RESPECT OF LANDLORD'S INTEREST IN THE PROJECT OR IN CONNECTION WITH ANY SUCH LOSS; AND (C) IN NO EVENT SHALL ANY PERSONAL LIABILITY BE ASSERTED AGAINST LANDLORD IN CONNECTION WITH THIS LEASE NOR SHALL ANY RECOURSE BE HAD TO ANY OTHER PROPERTY OR ASSETS OF LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LANDLORD'S OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE FOR INJURY TO TENANT'S BUSINESS OR FOR ANY LOSS OF INCOME OR PROFIT THEREFROM.

37. **Severability.** If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in effect to such illegal, invalid or unenforceable clause or provision as shall be legal, valid and enforceable.

38. **Signs; Exterior Appearance.** Tenant shall not, without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion: (i) attach any awnings, exterior lights, decorations, balloons, flags, pennants, banners, painting or other projection to any outside wall of the Project, (ii) use any curtains, blinds, shades or screens other than Landlord's standard window coverings, (iii) coat or otherwise sunscreen the interior or exterior of any windows, (iv) place any bottles, parcels, or other articles on the window sills, (v) place any equipment, furniture or other items of personal property on any exterior balcony, or (vi) paint, affix or exhibit on any part of the Premises or the Project any signs, notices, window or door lettering, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Premises. Interior signs on doors and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at the sole cost and expense of Tenant, and shall be of a size, color and type acceptable to Landlord. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering. The directory tablet shall be provided exclusively for the display of the name and location of tenants.

Tenant shall have the non-exclusive right to display, at Tenant's cost and expense, Tenant's name on monument sign serving the Building (the "**Monument Sign**"). Tenant acknowledges and agrees that Tenant's signage on the Monument Sign including, without limitation, the location, size, color and type, shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld and shall be consistent with Landlord's signage program at the Project and applicable Legal Requirements. Tenant shall be entitled to Tenant's pro rata share of the Monument Sign. Tenant shall be responsible, at Tenant's sole cost and expense, for the maintenance of Tenant's signage on the Monument Sign, for the removal of Tenant's signage from the Monument Sign at the expiration or earlier termination of this Lease and for the repair of all damage resulting from such removal.

### 39. Right to Expand.

(a) **Right of First Refusal.** Subject to the superior rights of Abbvie StemCentrx LLC (or its successors or assigns) and subject to the terms of this Section 39, the first time after the date of this



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

Lease that Landlord intends to accept a bona fide written proposal (the “**Pending Deal**”) to lease all or any portion the ROFR Space (as hereinafter defined) to a third party, Landlord shall deliver to Tenant written notice (the “**Pending Deal Notice**”) of the existence of such Pending Deal and the material terms of such Pending Deal. For purposes of this Section 39(a), “**ROFR Space**” shall mean the balance of the Building. For the avoidance of doubt, Tenant shall be required to exercise its right under this Section 39(a) with respect to all of the space described in the Pending Deal Notice, including, at Landlord’s option, any space at the Project (i.e., 450 E. Jamie Court) in addition to the ROFR Space that is described in the Pending Deal Notice, which additional space shall be deemed to be included as part of the ROFR Space (the “**Identified Space**”). Within 10 business days after Tenant’s receipt of the Pending Deal Notice, Tenant shall deliver to Landlord written notice (the “**Acceptance Notice**”) if Tenant elects to lease the Identified Space. Tenant’s right to receive the Pending Deal Notice and election to lease or not lease the Identified Space pursuant to this Section 39(a) is hereinafter referred to as the “**Right of First Refusal.**” If Tenant elects to lease the Identified Space described in the Pending Deal Notice by delivering an Acceptance Notice within the required 10 business day period, Tenant shall be deemed to agree to lease the Identified Space on the same general terms and conditions as this Lease except that the terms of this Lease shall be modified to reflect the terms of the Pending Deal Notice for the rental of the Identified Space. Tenant acknowledges that the term of the Lease with respect to the Identified Space and the Term of the Lease with respect to the existing Premises may not be co-terminous. Notwithstanding anything to the contrary contained herein, in no event shall the Work Letter apply to the Identified Space. If Tenant fails to deliver a Space Acceptance Notice to Landlord within the required 10 business day period, Tenant shall have deemed to have forever waived its rights under this Section 39(a) with respect to the Identified Space and Landlord shall have the right to lease the Identified Space to the third party subject to the Pending Deal (or an affiliate of such third party) (each, a “**Pending Deal Party**”) on substantially the same business terms and conditions set forth in the Pending Deal Notice. Notwithstanding anything to the contrary contained herein, if Landlord fails to execute a lease for the Identified Space with a Pending Deal Party within 6 months after the above-referenced 10 business day period, Tenant’s Right of Refusal shall be restored with respect to the next Pending Deal with respect to such Identified Space. Also, notwithstanding anything to the contrary contained herein, if (i) Landlord delivers to Tenant a Pending Deal Notice for any identified Space prior to the Third Floor Premises Rent Commencement Date, or (ii) the initial Identified Space with respect to which Landlord delivers to Tenant a Pending Deal Notice contains less than 10,000 rentable square feet, and Tenant, in either case, fails to deliver a Space Acceptance Notice with respect to such Identified Space, Tenant’s Right of First Refusal shall remain in full force and effect and Tenant shall have the right to receive a Pending Deal Notice with respect to the next succeeding Pending Deal arising with respect to the ROFR Space.

(b) **Amended Lease.** If: (i) Tenant fails to timely deliver an Acceptance Notice, or (ii) after the expiration of a period of 10 business days immediately following Landlord’s delivery to Tenant of a lease amendment for Tenant’s lease of the Identified Space, no lease amendment for the Identified Space acceptable to both parties each in their reasonable discretion, has been executed, Tenant shall, notwithstanding anything to the contrary contained herein, be deemed to have forever waived its right to lease such Identified Space.

(c) **Exceptions.** Notwithstanding the above, the Right of First Refusal shall, at Landlord’s option, not be in effect and may not be exercised by Tenant:

(i) during any period of time that Tenant is in Default under any provision of this Lease; or

(ii) if Tenant has been in Default under any provision of this Lease 3 or more times, whether or not the Defaults are cured, during the 12 month period prior to the date on which Tenant seeks to exercise the Right of First Refusal.

(d) **Termination.** The Right of First Refusal shall, at Landlord’s option, terminate and be of no further force or effect even after Tenant’s due and timely exercise of Right of First Refusal if, after such exercise, but prior to the commencement date of the lease of the Identified Space, (i) Tenant fails to



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

timely cure any default by Tenant under this Lease; or (ii) Tenant has Defaulted 3 or more times during the period from the date of the exercise of the Right of First Refusal to the date of the commencement of the lease of the Identified Space, whether or not such Defaults are cured.

(e) **Rights Personal.** The Right of First Refusal is personal to Tenant and is not assignable without Landlord's consent, which may be granted or withheld in Landlord's sole discretion separate and apart from any consent by Landlord to an assignment of Tenant's interest in the Lease, except that it may be assigned in connection with any Permitted Assignment of this Lease.

(f) **No Extensions.** The period of time within which the Right of First Refusal may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise the Right of First Refusal.

40. **Intentionally Omitted.**

41. **Intentionally Omitted.**

42. **Miscellaneous.**

(a) **Notices.** All notices or other communications between the parties shall be in writing and shall be deemed duly given upon delivery or refusal to accept delivery by the addressee thereof if delivered in person, or upon actual receipt if delivered by reputable overnight guaranty courier, addressed and sent to the parties at their addresses set forth above. Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(b) **Joint and Several Liability.** If and when included within the term "**Tenant**," as used in this instrument, there is more than one person or entity, each shall be jointly and severally liable for the obligations of Tenant.

(c) **Financial Information.** Starting with reports generated at the end of Tenant's 2019 fiscal year, Tenant shall furnish Landlord with true and complete copies of (i) Tenant's most recent audited annual financial statements within 90 days of the end of each of Tenant's fiscal years during the Term, (ii) Tenant's most recent unaudited quarterly financial statements within 45 days of the end of each of Tenant's first three fiscal quarters of each of Tenant's fiscal years during the Term, and (iii) corporate brochures and/or profiles prepared by Tenant for prospective investors, if available. So long as Tenant is a "public company" and its financial information is publicly available, then the foregoing delivery requirements of this Section 42(c) shall not apply. Landlord shall treat Tenant's financial information as confidential information belonging to Tenant and will not disclose the same other than on a need-to-know basis to Landlord's affiliates, legal, financial or tax advisors, consultants, potential lenders and potential purchasers and as required by Legal Requirements.

(d) **Recordation.** Neither this Lease nor a memorandum of lease shall be filed by or on behalf of Tenant in any public record. Landlord may prepare and file, and upon request by Landlord Tenant will execute, a memorandum of lease.

(e) **Interpretation.** The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

(f) **Not Binding Until Executed.** The submission by Landlord to Tenant of this Lease shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any right or impose any obligations upon either party until execution of this Lease by both parties.

(g) **Limitations on Interest.** It is expressly the intent of Landlord and Tenant at all times to comply with applicable law governing the maximum rate or amount of any interest payable on or in connection with this Lease. If applicable law is ever judicially interpreted so as to render usurious any interest called for under this Lease, or contracted for, charged, taken, reserved, or received with respect to this Lease, then it is Landlord's and Tenant's express intent that all excess amounts theretofore collected by Landlord be credited on the applicable obligation (or, if the obligation has been or would thereby be paid in full, refunded to Tenant), and the provisions of this Lease immediately shall be deemed reformed and the amounts thereafter collectible hereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder.

(h) **Choice of Law.** Construction and interpretation of this Lease shall be governed by the internal laws of the state in which the Premises are located, excluding any principles of conflicts of laws.

(i) **Time.** Time is of the essence as to the performance of Tenant's obligations under this Lease.

(j) **OFAC.** Tenant and all beneficial owners of Tenant are currently (a) in compliance with and shall at all times during the Term of this Lease remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "**OFAC Rules**"), (b) not listed on, and shall not during the term of this Lease be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List, or the Sectoral Sanctions Identification List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

(k) **Incorporation by Reference.** All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

(l) **Entire Agreement.** This Lease, including the exhibits attached hereto, constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, letters of intent, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth herein.

(m) **No Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of Base Rent or any Additional Rent will be other than on account of the earliest stipulated Base Rent and Additional Rent, nor will any endorsement or statement on any check or letter accompanying a check for payment of any Base Rent or Additional Rent be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy provided in this Lease.

(n) **Hazardous Activities.** Notwithstanding any other provision of this Lease, Landlord, for itself and its employees, agents and contractors, reserves the right to refuse to perform any repairs or services in any portion of the Premises which, pursuant to Tenant's routine safety guidelines, practices or custom or prudent industry practices, require any form of protective clothing or equipment other than safety glasses. In any such case, Tenant shall contract with parties who are acceptable to Landlord, in Landlord's reasonable discretion, for all such repairs and services, and Landlord shall, to the extent required, equitably adjust Tenant's Share of Operating Expenses in respect of such repairs or services to reflect that Landlord is not providing such repairs or services to Tenant.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Net Multi-Tenant Laboratory

(o) **EV Charging Stations.** Landlord shall not unreasonably withhold its consent to Tenant's written request to install 1 or more electric vehicle car charging stations ("**EV Stations**") in the parking area serving the Project; provided, however, that Tenant complies with all reasonable requirements, standards, rules and regulations which may be imposed by Landlord, at the time Landlord's consent is granted, in connection with Tenant's installation, maintenance, repair and operation of such EV Stations, which may include, without limitation, the charge to Tenant of a reasonable monthly rental amount for the parking spaces used by Tenant for such EV Stations, Landlord's designation of the location of Tenant's EV Stations, and Tenant's payment of all costs whether incurred by Landlord or Tenant in connection with the installation, maintenance, repair and operation of each Tenant's EV Station(s). Nothing contained in this paragraph is intended to increase the number of parking spaces which Tenant is otherwise entitled to use at the Project under Section 10 of this Lease nor impose any additional obligations on Landlord with respect to Tenant's parking rights at the Project.

(p) **California Accessibility Disclosure.** For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Project has not undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of and in connection with such notice: (i) Tenant, having read such notice and understanding Tenant's right to request and obtain a CASp inspection, hereby elects not to obtain such CASp inspection and forever waives its rights to obtain a CASp inspection with respect to the Premises, Building and/or Project to the extent permitted by Legal Requirements; and (ii) if the waiver set forth in clause (i) hereinabove is not enforceable pursuant to Legal Requirements, then Landlord and Tenant hereby agree as follows (which constitutes the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (A) Tenant shall have the one-time right to request for and obtain a CASp inspection, which request must be made, if at all, in a written notice delivered by Tenant to Landlord; (B) any CASp inspection timely requested by Tenant shall be conducted (1) at a time mutually agreed to by Landlord and Tenant, (2) in a professional manner by a CASp designated by Landlord and without any testing that would damage the Premises, Building or Project in any way, and (3) at Tenant's sole cost and expense, including, without limitation, Tenant's payment of the fee for such CASp inspection, the fee for any reports prepared by the CASp in connection with such CASp inspection (collectively, the "**CASp Reports**") and all other costs and expenses in connection therewith; (C) the CASp Reports shall be delivered by the CASp simultaneously to Landlord and Tenant; (D) Tenant, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Premises to correct violations of construction-related accessibility standards including, without limitation, any violations disclosed by such CASp inspection; and (E) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of construction-related accessibility standards relating to those items of the Building and Project located outside the Premises that are Landlord's obligation to repair as set forth in this Lease, then Landlord shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by Legal Requirements to correct such violations, and Tenant shall reimburse Landlord for the cost of such improvements, alterations, modifications and/or repairs within 10 business days after Tenant's receipt of an invoice therefor from Landlord.

(q) **Counterparts.** This Lease may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



**Net Multi-Tenant Laboratory**

Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this Lease and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

[REMAINDER OF PAGE LEFT BLANK]



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

**TENANT:**

**LYELL IMMUNOPHARMA, INC.,**  
a Delaware corporation

By: /s/ Charles Newton

Its: CFO

**LANDLORD:**

**ARE-EAST JAMIE COURT, LLC,**  
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,  
a Delaware limited partnership,  
managing member

By: ARE-QRS CORP.,  
a Maryland corporation,  
general partner

By: /s/ Gary Dean

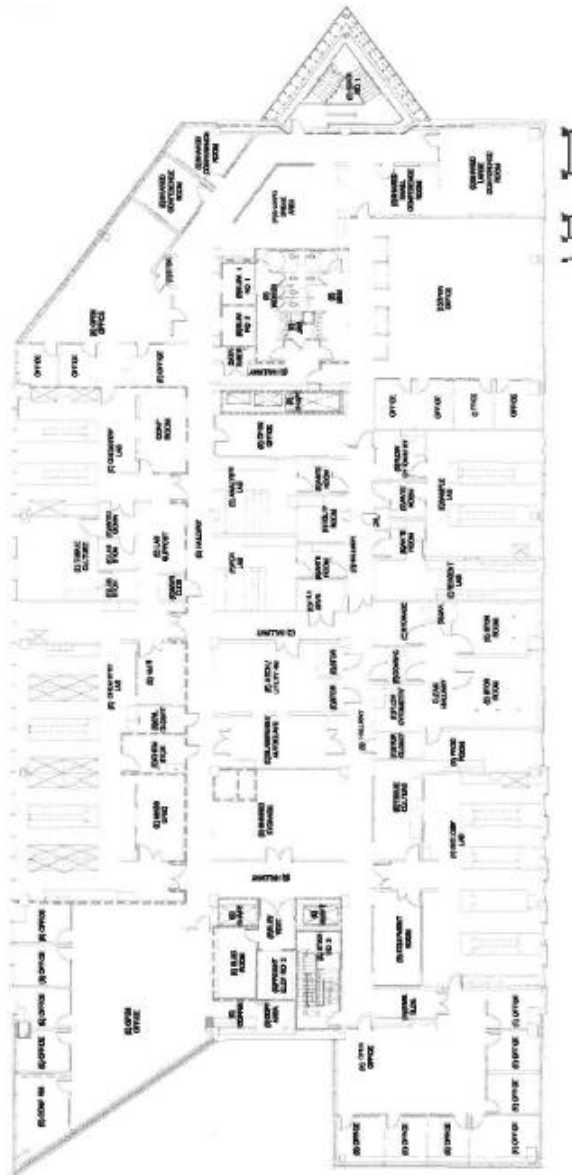
Its: Senior Vice President  
RE: Legal Affairs



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

EXHIBIT A TO LEASE  
DESCRIPTION OF PREMISES

Third Floor Premises:



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**Second Floor Premises:**



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



**EXHIBIT B TO LEASE**

**DESCRIPTION OF PROJECT**

All that certain real property in the City of South San Francisco, County of San Mateo, State of California, more particularly described as follows:

**LEGAL DESCRIPTION**

PARCEL 2, AS DESIGNATED ON THE MAP ENTITLED "PARCEL MAP, BEING A RESUBDIVISION OF PARCEL 5, AS SAID PARCEL IS DELINEATED AND SO DESIGNATED UPON THAT CERTAIN PARCEL MAP RECORDED IN BOOK 47 OF PARCEL MAPS AT PAGES 4 & 5, SAN MATEO CO. RECORDS, SOUTH SAN FRANCISCO, SAN MATEO CO., CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON OCTOBER 23, 1981, IN BOOK 51 OF MAPS AT PAGES 96 AND 97.

EXCEPTING THEREFROM, WATER RIGHTS AS LIE BENEATH THE SURFACE OF THE EARTH, WITH NO RIGHT OF SURFACE ENTRY, AS CONTAINED IN THAT QUITCLAIM DEED FROM ARTHUR S. HASKINS, JR., TO CALIFORNIA WATER SERVICE COMPANY, A CALIFORNIA CORPORATION, DATED OCTOBER 2, 1981, AND RECORDED OCTOBER 30, 1981, UNDER INSTRUMENT NO. 2299-AT, RECORDS OF SAN MATEO COUNTY.

ASSESSOR'S PARCEL NO. 015-102-120

JOINT PLANT NO. 015-010-102-25A

**METES AND BOUNDS DESCRIPTION**

PARCEL 2, AS DESIGNATED ON THE MAP ENTITLED "PARCEL MAP, BEING A RESUBDIVISION OF PARCEL 5, AS SAID PARCEL IS DELINEATED AND SO DESIGNATED UPON THAT CERTAIN PARCEL MAP RECORDED IN BOOK 47 OF PARCEL MAPS AT PAGES 4 & 5, SAN MATEO CO. RECORDS, SOUTH SAN FRANCISCO, SAN MATEO CO., CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON OCTOBER 23, 1981, IN BOOK 51 OF MAPS AT PAGES 96 AND 97.

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 2, THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 2, NORTH, 115.08 FEET; THENCE WEST, 20.78 FEET; THENCE NORTH, 201.65 FEET; THENCE EASTERLY ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS SOUTH 43°50'30" EAST, 30.00 FEET THROUGH A CENTRAL ANGLE OF 47°00'48", AN ARC DISTANCE OF 24.62 FEET; THENCE SOUTH 86°49'42" EAST, 874.36 FEET; THENCE SOUTH 275.50 FEET; THENCE SOUTH 89°55'25" WEST, 874.68 FEET; TO THE POINT OF BEGINNING, CONTAINING 6.13 ACRES, MORE OR LESS.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

EXHIBIT C TO LEASE

**WORK LETTER**

THIS WORK LETTER (this “**Work Letter**”) is incorporated into that certain Lease Agreement (the “**Lease**”) dated as of Jan. 14, 2019 by and between **ARE-EAST JAMIE COURT, LLC**, a Delaware limited liability company (“**Landlord**”), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation (“**Tenant**”). Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

**1. General Requirements.**

(a) **Tenant’s Authorized Representative.** Tenant designates Akira Matsuno and Erik Westover (either such individual acting alone, “**Tenant’s Representative**”) as the only persons authorized to act for Tenant pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any request, approval, inquiry or other communication (“**Communication**”) from or on behalf of Tenant in connection with this Work Letter unless such Communication is in writing from Tenant’s Representative. Tenant may change either Tenant’s Representative at any time upon not less than 5 business days advance written notice to Landlord.

(b) **Landlord’s Authorized Representative.** Landlord designates Toon Jordan and Todd Miller (either such individual acting alone, “**Landlord’s Representative**”) as the only persons authorized to act for Landlord pursuant to this Work Letter. Tenant shall not be obligated to respond to or act upon any request, approval, inquiry or other Communication from or on behalf of Landlord in connection with this Work Letter unless such Communication is in writing from Landlord’s Representative. Landlord may change either Landlord’s Representative at any time upon not less than 5 business days advance written notice to Tenant.

(c) **Architects, Consultants and Contractors.** Landlord and Tenant hereby acknowledge and agree that the architect (the “**TI Architect**”) for the Tenant Improvements (as defined in Section 2(a) below), the general contractor and any subcontractors for the Tenant Improvements shall be selected by Tenant, subject to Landlord’s approval, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall be named a third party beneficiary of any contract entered into by Tenant with the TI Architect, any consultant, any contractor or any subcontractor, and of any warranty made by any contractor or any subcontractor.

**2. Tenant Improvements.**

(a) **Tenant Improvements Defined.** As used herein, “**Tenant Improvements**” shall mean all improvements to the Premises desired by Tenant of a fixed and permanent nature. Other than funding the TI Allowance (as defined below) as provided herein, Landlord shall not have any obligation whatsoever with respect to the finishing of the Premises for Tenant’s use and occupancy. The Tenant Improvements may be constructed in phases.

(b) **Tenant’s Space Plans.** Tenant shall deliver to Landlord schematic drawings and outline specifications (the “**TI Design Drawings**”) detailing Tenant’s requirements for the Tenant Improvements. Not more than 5 business days thereafter, Landlord shall deliver to Tenant the written objections, questions or comments of Landlord and the TI Architect with regard to the TI Design Drawings. Tenant shall cause the TI Design Drawings to be revised to address such written comments and shall resubmit said drawings to Landlord for approval (which approval shall not be unreasonably withheld within 10 days thereafter. Such process shall continue until Landlord has approved the TI Design Drawings.

(c) **Working Drawings.** Promptly following the approval of the TI Design Drawings by Landlord, Tenant shall cause the TI Architect to prepare and deliver to Landlord for review and comment construction plans, specifications and drawings for the Tenant Improvements (“**TI Construction**”).



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

**Drawings**”), which TI Construction Drawings shall be prepared substantially in accordance with the TI Design Drawings. Tenant shall be solely responsible for ensuring that the TI Construction Drawings reflect Tenant’s requirements for the Tenant Improvements. Landlord shall deliver its written comments on the TI Construction Drawings to Tenant not later than 10 business days after Landlord’s receipt of the same; provided, however, that Landlord may not disapprove any matter that is consistent with the TI Design Drawings. Tenant and the TI Architect shall consider all such comments in good faith and shall, within 10 business days after receipt, notify Landlord how Tenant proposes to respond to such comments. Any disputes in connection with such comments shall be resolved in accordance with Section 2(d) hereof. Provided that the design reflected in the TI Construction Drawings is consistent with the TI Design Drawings, Landlord shall approve the TI Construction Drawings submitted by Tenant. Once approved by Landlord, subject to the provisions of Section 4 below, Tenant shall not materially modify the TI Construction Drawings except as may be reasonably required in connection with the issuance of the TI Permit (as defined in Section 3(a) below).

(d) **Approval and Completion.** If any dispute regarding the design of the Tenant Improvements is not settled within 10 business days after notice of such dispute is delivered by one party to the other, Tenant may make the final decision regarding the design of the Tenant Improvements, provided (i) Tenant acts reasonably and such final decision is either consistent with or a compromise between Landlord’s and Tenant’s positions with respect to such dispute, (ii) that all costs and expenses resulting from any such decision by Tenant shall be payable out of the TI Fund (as defined in Section 5(d) below), and (iii) Tenant’s decision will not adversely affect the base Building, structural components of the Building or any Building Systems (in which case Landlord shall make the final decision). Any changes to the TI Construction Drawings following Landlord’s and Tenant’s approval of same requested by Tenant shall be processed as provided in Section 4 hereof.

### 3. Performance of the Tenant Improvements.

(a) **Commencement and Permitting of the Tenant Improvements.** Tenant shall commence construction of the Tenant Improvements upon obtaining and delivering to Landlord a building permit (the “**TI Permit**”) authorizing the construction of the Tenant Improvements consistent with the TI Construction Drawings approved by Landlord. The cost of obtaining the TI Permit shall be payable from the TI Fund. Landlord shall assist Tenant in obtaining the TI Permit. Prior to the commencement of the Tenant Improvements, Tenant shall deliver to Landlord a copy of any contract with Tenant’s contractors (including the TI Architect), and certificates of insurance from any contractor performing any part of the Tenant Improvement evidencing industry standard commercial general liability, automotive liability, “builder’s risk”, and workers’ compensation insurance. Tenant shall cause the general contractor to provide a certificate of insurance naming Landlord, Alexandria Real Estate Equities, Inc., and Landlord’s lender (if any) as additional insureds for the general contractor’s liability coverages required above.

(b) **Selection of Materials, Etc.** Where more than one type of material or structure is indicated on the TI Construction Drawings approved by Tenant and Landlord, the option will be within Tenant’s reasonable discretion if the matter concerns the Tenant Improvements, and within Landlord’s sole and absolute subjective discretion if the matter concerns the structural components of the Building or any Building system.

(c) **Tenant Liability.** Tenant shall be responsible for correcting any deficiencies or defects in the Tenant Improvements.

(d) **Substantial Completion.** Tenant shall substantially complete or cause to be substantially completed the Tenant Improvements in a good and workmanlike manner, in accordance with the TI Permit subject, in each case, to Minor Variations and normal “punch list” items of a non-material nature which do not interfere with the use of the Premises (“**Substantial Completion**” or “**Substantially Complete**”). Upon Substantial Completion of the Tenant Improvements, Tenant shall require the TI Architect and the general contractor to execute and deliver, for the benefit of Tenant and Landlord, a Certificate of Substantial Completion in the form of the American Institute of Architects (“**AIA**”) document



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Work Letter – Tenant Build

G704. For purposes of this Work Letter, “**Minor Variations**” shall mean any modifications reasonably required: (i) to comply with all applicable Legal Requirements and/or to obtain or to comply with any required permit (including the TI Permit); (ii) to comport with good design, engineering, and construction practices which are not material; or (iii) to make reasonable adjustments for field deviations or conditions encountered during the construction of the Tenant Improvements.

4. **Changes.** Any changes requested by Tenant to the Tenant Improvements after the delivery and approval by Landlord of the TI Design Drawings, shall be requested and instituted in accordance with the provisions of this Section 4 and shall be subject to the written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

(a) **Tenant’s Right to Request Changes.** If Tenant shall request changes to the Tenant Improvements (“**Changes**”), Tenant shall request such Changes by notifying Landlord in writing in substantially the same form as the AIA standard change order form (a “**Change Request**”), which Change Request shall detail the nature and extent of any such Change. Such Change Request must be signed by Tenant’s Representative. Landlord shall review and approve or disapprove such Change Request within 10 business days thereafter, provided that Landlord’s approval shall not be unreasonably withheld, conditioned or delayed.

(b) **Implementation of Changes.** If Landlord approves such Change and Tenant deposits with Landlord any Excess TI Costs (as defined in Section 5(d) below) required in connection with such Change, Tenant may cause the approved Change to be instituted. If any TI Permit modification or change is required as a result of such Change, Tenant shall promptly provide Landlord with a copy of such TI Permit modification or change.

## 5. Costs.

(a) **Budget For Tenant Improvements.** Before the commencement of construction of the Tenant Improvements, Tenant shall obtain a detailed breakdown, by trade, of the costs incurred or that will be incurred, in connection with the design and construction of the Tenant Improvements (the “**Budget**”), and deliver a copy of the Budget to Landlord for Landlord’s approval, which shall not be unreasonably withheld or delayed. The Budget shall be based upon the TI Construction Drawings approved by Landlord. The Budget shall include a payment to Landlord of administrative rent (“**Administrative Rent**”) equal to \$30,000 plus reasonable and actual out-of-pocket expenses incurred by Landlord in connection with the Tenant Improvements. Such Administrative Rent shall be payable out of the TI Fund. Notwithstanding the foregoing, if Tenant elects to have an affiliate of Landlord manage the Tenant Improvements, then, provided Tenant and Landlord’s affiliate enter into a mutually acceptable separate agreement, Landlord’s affiliate shall manage the construction of the Tenant Improvements pursuant to such agreement and Tenant shall pay to Landlord’s affiliate a fee in an amount equal to the actual cost of a regionally recognized reputable third party management group, not to exceed 3% of the total cost of the Tenant Improvements.

(b) **TI Allowance.** Landlord shall provide to Tenant a tenant improvement allowance (collectively, the “**TI Allowance**”) as follows:

1. a “**Tenant Improvement Allowance**” in the maximum amount of \$100.00 per rentable square foot in the Premises, or \$3,394,900.00 in the aggregate, which is included in the Base Rent set forth in the Lease; and

2. an “**Additional Tenant Improvement Allowance**” in the maximum amount of \$30.00 per rentable square foot in the Premises, or \$1,018,470.00 in the aggregate, which shall, to the extent used, result in TI Rent as set forth in Section 4(b) of the Lease.

The TI Allowance shall be disbursed in accordance with this Work Letter. Tenant shall have no right to the use or benefit (including any reduction to Base Rent) of any portion of the TI Allowance not



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



## Work Letter – Tenant Build

required for the construction of (i) the Tenant Improvements described in the TI Construction Drawings approved pursuant to Section 2(d) or (ii) any Changes pursuant to Section 4. Tenant shall have no right to any portion of the TI Allowance that is not disbursed before the last day of the month that is 18 months after the Commencement Date.

(c) **Costs Includable in TI Fund.** The TI Fund shall be used solely for the payment of hard and soft design, permit and construction costs in connection with the construction of the Tenant Improvements, including, without limitation, the cost of electrical power and other utilities used in connection with the construction of the Tenant Improvements, the cost of preparing the TI Design Drawings and the TI Construction Drawings, all costs set forth in the Budget, including Landlord's Administrative Rent, and the cost of Changes (collectively, "**TI Costs**"). Notwithstanding anything to the contrary contained herein, the TI Fund shall not be used to purchase any furniture, personal property or other non-Building system materials or equipment, including, but not be limited to, Tenant's voice or data cabling, non-ducted biological safety cabinets and other scientific equipment not incorporated into the Tenant Improvements; provided, however, that Tenant may use a portion of the TI Allowance for costs incurred by Tenant in connection with the installation of Tenant's signage.

(d) **Excess TI Costs.** Landlord shall have no obligation to bear any portion of the cost of any of the Tenant Improvements except to the extent of the TI Allowance. If at any time and from time-to-time, the remaining TI Costs under the Budget exceed the remaining unexpended TI Allowance ("**Excess TI Costs**"), monthly disbursements of the TI Allowance shall be made in the proportion that the remaining TI Allowance bears to the outstanding TI Costs under the Budget, and Tenant shall fund the balance of each such monthly draw. For purposes of any litigation instituted with regard to such amounts, those amounts required to be paid by Tenant will be deemed Rent under the Lease. The TI Allowance and Excess TI Costs are herein referred to as the "**TI Fund.**" Notwithstanding anything to the contrary set forth in this Section 5(d), Tenant shall be fully and solely liable for TI Costs and the cost of Minor Variations in excess of the TI Allowance.

(e) **Payment for TI Costs.** During the course of design and construction of the Tenant Improvements, subject to the terms of Section 5(d), Landlord shall reimburse Tenant for TI Costs once a month against a draw request in Landlord's standard form, containing evidence of payment of such TI Costs by Tenant and such certifications, lien waivers (including a conditional lien release for each progress payment and unconditional lien releases for the prior month's progress payments), inspection reports and other matters as Landlord customarily obtains, to the extent of Landlord's approval thereof for payment, no later than 30 days following receipt of such draw request. Upon completion of the Tenant Improvements (and prior to any final disbursement of the TI Fund), Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and first tier subcontractors who did the work and final, unconditional lien waivers from all such contractors and first tier subcontractors; (ii) as-built plans (one copy in print format and two copies in electronic CAD format) for such Tenant Improvements; (iii) a certification of substantial completion in Form AIA G704, (iv) a certificate of occupancy for the Premises; and (v) copies of all operation and maintenance manuals and warranties affecting the Premises.

## 6. Miscellaneous.

(a) **Consents.** Whenever consent or approval of either party is required under this Work Letter, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth herein to the contrary.

(b) **Modification.** No modification, waiver or amendment of this Work Letter or of any of its conditions or provisions shall be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.

(c) **No Default Funding.** In no event shall Landlord have any obligation to fund any portion of the TI Allowance during any period that Tenant is in Default under the Lease.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**EXHIBIT D TO LEASE**

**ACKNOWLEDGMENT OF COMMENCEMENT DATE**

This **ACKNOWLEDGMENT OF COMMENCEMENT DATE** is made this     day of     ,     , between **ARE-EAST JAMIE COURT, LLC**, a Delaware limited liability company ("**Landlord**"), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation ("**Tenant**"), and is attached to and made a part of the Lease dated     ,     (the "**Lease**"), by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

Landlord and Tenant hereby acknowledge and agree, for all purposes of the Lease, that the Commencement Date of the Base Term of the Lease is     ,     , Commencement Date of the Base Term of the Lease is     ,     , the Third Floor Premises Rent Commencement Date is     ,     , and the termination date of the Base Term of the Lease shall be midnight on     ,     . In case of a conflict between the terms of the Lease and the terms of this Acknowledgment of Commencement Date, this Acknowledgment of Commencement Date shall control for all purposes.

IN WITNESS WHEREOF, Landlord and Tenant have executed this **ACKNOWLEDGMENT OF COMMENCEMENT DATE** to be effective on the date first above written.

**TENANT:**

**LYELL IMMUNOPHARMA, INC.**,  
a Delaware corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**LANDLORD:**

**ARE-EAST JAMIE COURT, LLC**,  
a Delaware limited liability company

By: **ALEXANDRIA REAL ESTATE EQUITIES, L.P.**,  
a Delaware limited partnership,  
managing member

By: **ARE-QRS CORP.**,  
a Maryland corporation,  
general partner

By: \_\_\_\_\_  
Its: \_\_\_\_\_



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**EXHIBIT E TO LEASE**

**Rules and Regulations**

1. The sidewalk, entries, and driveways of the Project shall not be obstructed by Tenant, or any Tenant Party, or used by them for any purpose other than ingress and egress to and from the Premises.
2. Tenant shall not place any objects, including antennas, outdoor furniture, etc., in the parking areas, landscaped areas or other areas outside of its Premises, or on the roof of the Project.
3. Except for animals assisting the disabled, no animals shall be allowed in the offices, halls, or corridors in the Project.
4. Tenant shall not disturb the occupants of the Project or adjoining buildings by the use of any radio or musical instrument or by the making of loud or improper noises.
5. If Tenant desires telegraphic, telephonic or other electric connections in the Premises, Landlord or its agent will direct the electrician as to where and how the wires may be introduced; and, without such direction, no boring or cutting of wires will be permitted. Any such installation or connection shall be made at Tenant's expense.
6. Tenant shall not install or operate any steam or gas engine or boiler, or other mechanical apparatus in the Premises, except as specifically approved in the Lease. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited. Explosives or other articles deemed extra hazardous shall not be brought into the Project.
7. Parking any type of recreational vehicles is specifically prohibited on or about the Project. Except for the overnight parking of operative vehicles, no vehicle of any type shall be stored in the parking areas at any time. In the event that a vehicle is disabled, it shall be removed within 48 hours. There shall be no "For Sale" or other advertising signs on or about any parked vehicle. All vehicles shall be parked in the designated parking areas in conformity with all signs and other markings. All parking will be open parking, and no reserved parking, numbering or lettering of individual spaces will be permitted except as specified by Landlord.
8. Tenant shall maintain the Premises free from rodents, insects and other pests.
9. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs or who shall in any manner do any act in violation of the Rules and Regulations of the Project.
10. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitors or any other employee or person.
11. Tenant shall give Landlord prompt notice of any defects in the water, lawn sprinkler, sewage, gas pipes, electrical lights and fixtures, heating apparatus, or any other service equipment affecting the Premises.
12. Tenant shall not permit storage outside the Premises, including without limitation, outside storage of trucks and other vehicles, or dumping of waste or refuse or permit any harmful materials to be placed in any drainage system or sanitary system in or about the Premises.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## Rules and Regulations

13. All moveable trash receptacles provided by the trash disposal firm for the Premises must be kept in the trash enclosure areas, if any, provided for that purpose.
14. No auction, public or private, will be permitted on the Premises or the Project.
15. No awnings shall be placed over the windows in the Premises except with the prior written consent of Landlord.
16. The Premises shall not be used for lodging, sleeping or cooking or for any immoral or illegal purposes or for any purpose other than that specified in the Lease. No gaming devices shall be operated in the Premises.
17. Tenant shall ascertain from Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electrical wiring in the Project and the Premises and the needs of other tenants, and shall not use more than such safe capacity. Landlord's consent to the installation of electric equipment shall not relieve Tenant from the obligation not to use more electricity than such safe capacity.
18. Tenant assumes full responsibility for protecting the Premises from theft, robbery and pilferage.
19. Tenant shall not install or operate on the Premises any machinery or mechanical devices of a nature not directly related to Tenant's ordinary use of the Premises and shall keep all such machinery free of vibration and noise which may be transmitted beyond the Premises.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**EXHIBIT F TO LEASE**

**TENANT'S PERSONAL PROPERTY**

None.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

January 14, 2019

Lyell Immunopharma, Inc.  
400 East Jamie Court, Suite 301  
South San Francisco, California  
Attention: Lease Administrator

Re: Lyell Immunopharma, Inc.  
400 East Jamie Court, South San Francisco, California/Letter Agreement

Ladies and Gentlemen:

Reference is made to that certain Lease Agreement of even date herewith between you, as “Tenant,” and ARE-East Jamie Court, LLC, a Delaware limited liability company, as “Landlord” (the “Lease”). Initially capitalized terms not specifically defined in this letter agreement are intended to have the meanings set forth for such terms in the Lease.

This letter agreement modifies the definition of “Permitted Use” under the Lease and the terms of Section 7 of the Lease and items 3 and 8 of Exhibit E of the Lease with respect to the meaning of “Permitted Use” under the Lease and shall be considered an integral part of the Lease, notwithstanding any language in the Lease to the contrary.

This will confirm that the parties agree that the Permitted Use of the Premises may include use of a portion of the Premises for the housing and use in medical research of rodents and other small animals, but not primates or larger animals.

The parties will make a commercially reasonable effort to keep the subject matter of this letter agreement confidential between them, and will not voluntarily disclose to any person the contents of this letter agreement except (a) as may be required in connection with any legal, administrative or regulatory proceeding or requirement, (b) to Landlord’s auditors, attorneys, consultants, lenders, prospective purchasers and other parties who need to know such information in the ordinary course of Landlord’s business, (c) to Tenant’s employees, collaborators, donors, lenders and other parties who need to know such information in the ordinary course of Tenant’s business operations, and (d) to any party receiving an estoppel certificate or other certification as to the documents that constitute the Lease.

By this letter agreement, the parties make no other change to the terms of the Lease with respect to the Permitted Use.

Please acknowledge your agreement to the terms of this letter agreement by countersigning below.

Sincerely,

**ARE-EAST JAMIE COURT, LLC,**  
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,  
a Delaware limited partnership,  
managing member

By: ARE-QRS CORP.,  
a Maryland corporation,  
general partner

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Acknowledged and agreed as of  
the date first written above:

**LYELL IMMUNOPHARMA, INC.,**  
a Delaware corporation

By: /s/ Charles Newton \_\_\_\_\_  
Its: CFO

## FIRST AMENDMENT TO LICENSE AGREEMENT

This First Amendment to License Agreement (this “**First Amendment**”) is made as of January 14, 2019, by and between **ARE-TENANT, LLC**, a Delaware limited liability company (“**Licensor**”), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation (“**Licensee**”).

### RECITALS

- A.** Licensor and Licensee are parties to that certain License Agreement dated as of November 12, 2018 (the “**License**”), wherein Licensor licenses to Licensee that certain space located at 701 Gateway Boulevard, South San Francisco, California, as more particularly described in the License. Capitalized terms used herein without definition shall have the meanings defined for such terms in the License.
- B.** Concurrently with this First Amendment, Licensee is entering into a lease with an affiliate of Licensor pursuant to which Licensee is leasing approximately 33,949 rentable square feet of space at that certain building located at 400 E. Jamie Court in South San Francisco, California (the “**New Lease**”).
- C.** Licensor and Licensee desire, subject to the terms and conditions of this First Amendment, to, amend the License as provided in this First Amendment.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Licensor and Licensee hereby agree as follows:

- Term.** Notwithstanding anything to the contrary contained in the License, the term (the “**Term**”) of the license shall continue until the earliest of (a) the date that is 30 days after the later to occur of the Third Floor Premises Commencement Date or the Second Floor Premises Commencement Date (as such terms are defined in the New Lease), (b) the date that is 30 days after the termination of the New Lease, or (c) the termination of the License for Cause (as defined in Section 6 of the License).
- License Fees.** Section 7 of the License is hereby deleted in its entirety and replaced with the following:

“7. **License Fees.** In consideration of Licensor’s agreement to enter into this Agreement, commencing on the Commencement Date, Licensee shall pay a license fee (“**License Fee**”) to Licensor in the amount of \$2,242.00 per month during the Term. Licensee shall pay to Licensor in advance, without demand, abatement, deduction or set-off, monthly installments of the License Fee on or before the first day of each calendar month during the Term hereof, in lawful money of the United States of America. Payments of the License Fee for any fractional calendar month shall be prorated.

Payments required to be made to Licensor pursuant to this Agreement shall be remitted to Licensor at the address set forth below (as the same may be changed from time to time by Licensor upon written notice from Licensor to Licensee):

PO Box 975383  
Dallas, TX 75497-5383”



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



3. **OFAC.** Licensee and all beneficial owners of Licensee are currently (a) in compliance with and shall at all times during the Term of the License remain in compliance with the regulations of the Office of Foreign Assets Control (“**OFAC**”) of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the “**OFAC Rules**”), (b) not listed on, and shall not during the term of the License be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List or the Sectoral Sanctions Identifications List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.
4. **California Accessibility Disclosure.** Section 16 of the License is hereby incorporated by reference.
5. **Miscellaneous.**
- (a) This First Amendment is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This First Amendment may be amended only by an agreement in writing, signed by the parties hereto.
- (b) This First Amendment is binding upon and shall inure to the benefit of the parties hereto, their respective successors and assigns.
- (c) This First Amendment may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this First Amendment and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.
- (d) Licensor and Licensee each represent and warrant that it has not dealt with any broker, agent or other person (collectively “**Broker**”) in connection with this transaction, and that no Broker brought about this transaction, other than Flinn Ferguson and CRESA, who serve as Tenant’s broker. Notwithstanding the foregoing, the parties agree that neither Flinn Ferguson nor CRESA is entitled to a commission in association with the License or this First Amendment. Licensor and Licensee each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker claiming a commission or other form of compensation by virtue of having dealt with Licensee or Licensor, as applicable, with regard to this leasing transaction.
- (e) Except as amended and/or modified by this First Amendment, the License is hereby ratified and confirmed and all other terms of the License shall remain in full force and effect, unaltered and unchanged by this First Amendment. In the event of any conflict between the provisions of this First Amendment and the provisions of the License, the provisions of this First Amendment shall prevail. Whether or not specifically amended by this First Amendment, all of the terms and provisions of the License are hereby amended to the extent necessary to give effect to the purpose and intent of this First Amendment.

(Signatures are on the next page)



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**LICENSEE:**

**LYELL IMMUNOPHARMA, INC.,**  
a Delaware corporation

By: /s/ Charles Newton  
Its: CFO

**LICENSOR:**

**ARE-TENANT, LLC,**  
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,  
a Delaware limited partnership,  
managing member

By: ARE-QRS CORP.,  
a Maryland corporation,  
general partner

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Landlord hereby consents the foregoing First Amendment between Licensor and Licensee:

**ARE-SAN FRANCISCO NO. 40, LLC,**  
a Delaware limited liability company

By: Alexandria Real Estate Equities, L.P.,  
a Delaware limited partnership,  
managing member

By: ARE-QRS Corp., a Maryland corporation,  
general partner

By: \_\_\_\_\_  
Its: \_\_\_\_\_



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**Alexandria Venture Investments, LLC**  
**385 E. Colorado Boulevard**  
**Suite 299**  
**Pasadena, California 91101**

**January 14, 2019**

Lyell ImmunoPharma, Inc.  
Attention: Chief Executive Officer

Re: 400 East Jamie Court, South San Francisco, CA

Ladies and Gentlemen:

Reference is made to the Letter of Intent, dated November 1, 2018 ("Letter of Intent"), entered into between ARE-East Jamie Court, LLC, a Delaware limited liability company ("Landlord"), and Lyell ImmunoPharma, Inc. a Delaware corporation ("Tenant"), related to the lease of premises at the above-referenced address (the "Lease"). The Letter of Intent provides that Landlord, or an affiliate or designee of Landlord, is to be granted certain rights with respect to certain of Tenant's rounds of equity financing following the date hereof. Alexandria Venture Investments, LLC, a Delaware limited liability company ("Alexandria"), is an affiliate of Landlord and this letter agreement (this "Participation Rights Agreement") is intended to implement the foregoing provision of the Letter of Intent and is required to be executed and delivered to Landlord as a condition precedent to the execution and delivery by Landlord of the Lease.

1. Participation in Future Financing. In exchange for good and valuable consideration, the receipt and sufficiency of which Tenant hereby acknowledges, Tenant hereby grants Alexandria the right, but not the obligation, to purchase any amount up to a maximum of \$1,000,000 in aggregate purchase price of New Securities (as defined below) that Tenant sells in its next bona fide private equity financing round following the date of this Participation Rights Agreement (such round, the "Qualified Financing"), at a price per share and on other terms and conditions that are no less favorable to Alexandria than those upon which the New Securities are sold by Tenant to the other investors generally in such financing round. "New Securities" means shares of the series of preferred stock issued by Tenant in the Qualified Financing. For clarity, it is agreed that additional issuances of Series A Preferred Stock by the Company, including at additional closings or second tranche closings that are currently contemplated by the Series A Preferred Stock Purchase Agreement entered into by the Company and certain investors in September 2018, as amended from time to time (the "Series A Purchase Agreement"), shall not constitute a Qualified Financing; notwithstanding the foregoing, any sale or issuance of Tenant's Series A Preferred Stock that requires a material amendment to the Series A Purchase Agreement after the date hereof shall constitute a Qualified Financing hereunder.

Tenant shall offer to sell the New Securities to Alexandria by sending written notice of such offer to [investments@are.com](mailto:investments@are.com) (a "New Securities Notice"). Any New Securities Notice shall describe the provisions of the New Securities in reasonable detail and shall specify the terms and conditions upon which they shall be sold by Tenant. Alexandria may purchase the applicable amount of New Securities by sending written notice to Tenant of Alexandria's election to do so within 20 days after receipt of the New Securities Notice. Any New Securities not purchased by Alexandria may thereafter be offered for sale and sold by Tenant, on terms and conditions that are no less favorable to Tenant than those specified in the New Securities Notice, at any time within 120 days after the expiration of Alexandria's 20-day response period. Tenant hereby covenants that it will not enter into any agreement that conflicts with this Participation Rights Agreement.

2. No Conflicts; Further Assurances. Neither the execution and delivery of this Participation Rights Agreement, nor performance of its terms, will directly or indirectly contravene, conflict with or result in a violation of (i) any of the provisions of Tenant's articles or certificate of incorporation or bylaws, (ii) any resolution adopted by Tenant's stockholders, Tenant's board of directors or any committee thereof, or (iii) any contract or agreement of the Tenant. Tenant agrees to execute and deliver, by the proper exercise of its corporate, limited liability company, partnership or other powers, all such other and additional instruments and documents and do all such other acts and things as may be necessary to more fully effectuate this Participation Rights Agreement and its obligations hereunder. Tenant shall use its best efforts to fully effectuate the intent of this Participation Rights Agreement and shall not take any action to circumvent or avoid its obligations hereunder.

3. Termination. This Participation Rights Agreement shall terminate, and be of no further force or effect, upon the earlier to occur of the following: (i) the final closing of the Qualified Financing, whether or not Alexandria elects to purchase New Securities, but only if Tenant delivers a New Securities Notice to Alexandria and Alexandria has an opportunity to purchase the New Securities, each as set forth in Section 1 above; (ii) immediately prior to the closing date of a transaction that qualifies as a Sale of Tenant (as defined below); and (iii) immediately prior to the effective date of Tenant's first underwritten public offering of its securities under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. A "Sale of Tenant" shall mean either: (a) a transaction or series of related transactions in which shares representing more than fifty percent of the outstanding voting power of Tenant are acquired; or (b) a transaction that qualifies as a Deemed Liquidation Event, as defined in Tenant's then effective certificate of incorporation.

4. Governing Law. The terms and conditions of this Participation Rights Agreement shall be governed by and construed in accordance with Delaware law, without regard to the conflict of laws provisions thereof.

5. Successors and Assigns. The terms and provisions of this Participation Rights Agreement shall be binding upon Alexandria and Tenant and their respective successors and assigns, subject at all times to the restrictions set forth herein.

6. Confidentiality. Tenant agrees that, except with the prior written consent of Alexandria, it shall at all times keep confidential the terms of this Participation Rights Agreement and the discussions or negotiations relating to this Participation Rights Agreement. In addition, Tenant hereby agrees that, except with the prior written consent of Alexandria, it shall not participate in or generate any press release or other release of information to the general public relating to this Participation Rights Agreement or any transactions contemplated by this Participation Rights Agreement.

7. Counterparts. This Participation Rights Agreement may be executed in as many counterparts as the parties hereto deem necessary or convenient, each of which counterparts shall be deemed an original but all of which, together, shall constitute but one and the same document.

---

*[signature page follows]*

If you agree that the foregoing accurately sets forth our agreement, please execute this Participation Rights Agreement in the space provided below, whereupon it will become a binding contract between us.

**ALEXANDRIA VENTURE INVESTMENTS, LLC**  
a Delaware limited liability company

By: Alexandria Real Estate Equities, Inc.,  
a Maryland corporation,  
its managing member

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED TO:

**LYELL IMMUNOPHARMA, INC.**  
a Delaware corporation

By: /s/ Akira Matsuno  
Name: Akira Matsuno  
Title: CFO



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
1/4/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Woodruff-Sawyer Oregon, Inc. 1001 SW 5th Avenue, Suite 1000 Portland OR 97204		<b>CONTACT</b> NAME: PHONE (A/C, No, Ext): 503-416-7180      FAX (A/C, No): 503-243-1815 E-MAIL: ADDRESS:	
<b>INSURED</b> Lyell Immunopharma, Inc. 500 Fairview Avenue N Suite 5000 Seattle WA 98109		<b>INSURER(S) AFFORDING COVERAGE</b> NAIC # INSURER A: Federal Insurance Company      20281 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES      CERTIFICATE NUMBER: 1455782994      REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADOL SUBR INSD. WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO. JECT <input checked="" type="checkbox"/> LOC OTHER:	Y	36057665	11/12/2018	12/15/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/POP AGG \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED.    RETENTION \$		78189112	11/12/2018	12/15/2019	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	71771370	11/12/2018	12/15/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 Re: 400 East Jamie Court, South San Francisco, California  
  
 Alexandria Real Estate Equities, Inc., and ARE-EAST JAMIE COURT, LLC., its officers, directors, employees, managers, agents, sub-agents, constituent entities and lease signators are included as additional insureds per attached endorsement 80022056. Waiver of subrogation applies per WC990304. The above general liability coverage is primary per policy terms and conditions.

<b>CERTIFICATE HOLDER</b>  Alexandria Real Estate Equities, Inc. 385 E. Colorado Boulevard, Suite 299 Pasadena CA 91101	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
---	--

**Who Is An Insured**  
(continued)

*Employees*

Your **employees** are **insureds**; but they are **insureds** only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

However, no **employee** is an **insured** with respect to any damages, loss, cost or expense arising out of any:

- A. injury actually or allegedly sustained at any time by:
1. you, by any of your directors, managers, members, **officers**, partners (whether or not any of the foregoing is an **employee**) or by any co-**employee** while such injured person is either in the course of their employment or while performing duties related to the conduct of your business; or
  2. any spouse, child, parent, brother or sister of such injured person as a consequence of any injury or damage described in subparagraph A.1. above.

Subparagraph A. above also applies to any obligation to share any damages, loss, cost or expense with or to repay any person or organization that must pay any damages, loss, cost or expense because of any of the foregoing.

With respect to **bodily injury** only, the limitation described in subparagraph A. above does not apply to:

- you or to your directors, managers, members, **officers**, partners or supervisors as **insureds**; or
  - your **employees**, as **insureds**, with respect to such injury caused by cardiopulmonary resuscitation or other first aid services administered by such an **employee**.
- B. **property damage** to any property owned, occupied or used by you or by any of your directors, managers, members, **officers** or partners (whether or not any of the foregoing is an **employee**) or by any of your **employees**.

This limitation does not apply to **property damage** to a premises while rented to you or temporarily occupied by you with the permission of the owner.

*Volunteers*

Persons who are volunteer workers for you are **insureds**; but they are **insureds** only for acts within the scope of their activities for you and at your direction. However, no such person is an **insured** in connection with their voluntary participation in a **human clinical trial**.

*Real Estate Managers*

Persons (other than your **employees**) or organizations acting as your real estate managers are **insureds**; but they are **insureds** only with respect to their duties as your real estate managers.

*Lessors Of Equipment*

Persons (other than your **employees**) or organizations from whom you lease equipment are **insureds**; but they are **insureds** only if you are obligated (pursuant to a written contract or agreement between you and such person or organization) to provide them with such insurance as is afforded by this policy.

*Liability Insurance*



---

**Who Is An Insured**

*Lessors Of Equipment  
(continued)*

However, such a person or organization is an **insured** only:

- with respect to the maintenance or use by you of such equipment.
- for such activities that did not occur after the equipment lease ends.
- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**.
- for such activities that did not occur, in whole or in part, before the execution of the contract or agreement.

No person or organization is an **insured** under this provision with respect to any assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages for injury or damage, to which this insurance applies, that such person or organization would have in the absence of such contract or agreement.

*Lessors Of Premises*

Persons (other than your **employees**) or organizations from whom you lease premises are **insureds**; but they are **insureds** only if you are obligated (pursuant to a written contract or agreement between you and such person or organization) to provide them with such insurance as is afforded by this policy.

However, such a person or organization is an **insured** only:

- for such activities that did not occur after you cease to be a tenant in such premises.
- with respect to the ownership, maintenance or use of that particular part of such premises leased to you.
- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**.
- for such activities that did not occur, in whole or in part, before the execution of the contract or agreement.

No person or organization is an **insured** under this provision with respect to any:

- assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages for injury or damage, to which this insurance applies, that such person or organization would have in the absence of such contract or agreement.
- structural alteration, new construction or demolition operations performed by or on behalf of them.

*Vendors*

Persons (other than your **employees**) or organizations that are vendors of **your product** are **insureds**; but they are **insureds** only if you are obligated (pursuant to a contract or agreement) to provide them with such insurance as is afforded by this policy.

However, such a person or organization is an **insured** only:

- with respect to their liability for damages for **bodily injury or property damage** resulting from the distribution or sale of **your product** to which this insurance applies;
- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**; and
- for such activities that did not occur, in whole or in part, before the execution of the contract or agreement.

---

*Liability Insurance*



**Who Is An Insured**

Vendors  
(continued)

No person or organization is an **insured** under this provision with respect to any:

- assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages for injury or damage, to which this insurance applies, that such person or organization would have in the absence of such contract or agreement.
- representation or warranty unauthorized by you.
- reckless or willful violation of any law or regulation.
- failure to make adjustments, inspections, services or tests that the person or organization has agreed to make or normally undertakes to make in the regular course of their business in connection with the distribution or sale of **your product**.
- chemical or physical change in **your product** made intentionally by the person or organization.
- repacking, unless unpacked solely for the purpose of demonstration, inspection or testing or the substitution of parts under instruction from the manufacturer and then repacked in the original container.
- demonstration, installation, repair or servicing operations, except such operations performed at the person's or organization's premises in connection with the distribution or sale of **your product**.
- of **your products** that, after distribution or sale by you, have been labeled or relabeled or used as a container, ingredient or part of any other substance or thing by or for the person or organization.

Further, no person or organization is an **insured** under this provision:

- A. from whom you have acquired **your product**, or any container, ingredient or part accompanying, entering into or containing **your product**.
- B. that is acting as a:
  1. **human clinical trial contractor**,
  2. **life science product sales contractor**, or
  3. **life science product service contractor**.

*Human Clinical Trial Contractors*

Persons (other than your **employees**) or organizations acting as **human clinical trial contractors** for you are **insureds**; but they are **insureds** only if you are obligated (pursuant to a written contract or agreement between you and such person or organization) to provide them with such insurance as is afforded by this policy.

However, such a person or organization is an **insured** only:

- A. with respect to their liability for damages for **bodily injury** or **property damage**:
  1. included in the **products-completed operations hazard**; and
  2. resulting from activities in connection with a **human clinical trial** to which this insurance applies;

---

**Who Is An Insured**

*Human Clinical Trial Contractors  
(continued)*

- B. to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**; and
- C. for such activities that did not occur, in whole or in part, before the execution of the contract or agreement.

No person or organization is an **insured** under this provision with respect to any:

- assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages for injury or damage, to which this insurance applies, that such person or organization would have in the absence of such contract or agreement.
- representation or warranty unauthorized by you.
- reckless or willful violation of any law or regulation.
- chemical or physical change in **your product** made intentionally by such person or organization.

Further, no person or organization from whom you have acquired **your product**, or any container, ingredient or part accompanying, entering into or containing **your product**, is an **insured** under this provision.

*Life Science Product Sales Contractors*

Persons (other than your **employees**) or organizations acting as **life science product sales contractors** for you are **insureds**; but they are **insureds** only if you are obligated (pursuant to a written contract or agreement between you and such person or organization) to provide them with such insurance as is afforded by this policy.

However, such a person or organization is an **insured** only:

- with respect to their liability for damages for **bodily injury** or **property damage** resulting from the dispensing, distribution, furnishing or sale of **your product** that is a **life science product** to which this insurance applies;
- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**; and
- for such activities that did not occur, in whole or in part, before the execution of the contract or agreement.

No person or organization is an **insured** under this provision with respect to any:

- assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages for injury or damage, to which this insurance applies, that such person or organization would have in the absence of such contract or agreement
- representation or warranty unauthorized by you.
- reckless or willful violation of any law or regulation.
- chemical or physical change in **your product** made intentionally by the person or organization.
- of **your products** that, after distribution or sale by you, have been labeled or relabeled or used as a container, ingredient or part of any other substance or thing by or for the person or organization. This limitation does not apply to such relabeling of **your product** in the regular course of dispensing or furnishing the required amount or dosage of such product.

---

*Liability Insurance*

**Who Is An Insured***Life Science Product Sales Contractors  
(continued)*

Further, no person or organization from whom you have acquired **your product**, or any container, ingredient or part accompanying, entering into or containing **your product**, is an **insured** under this provision.

*Life Science Product Service Contractors*

Persons (other than your **employees**) or organizations acting as **life science product service contractors** for you are **insureds**; but they are **insureds** only if you are obligated (pursuant to a written contract or agreement between you and such person or organization) to provide them with such insurance as is afforded by this policy.

However, such a person or organization is an **insured** only:

- with respect to their liability for damages for **bodily injury** or **property damage** resulting from activities within the scope of a **life science product service** to which this insurance applies;
- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**; and
- for such activities that did not occur, in whole or in part, before the execution of the contract or agreement.

No person or organization is an **insured** under this provision with respect to any:

- assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages for injury or damage, to which this insurance applies, that such person or organization would have in the absence of such contract or agreement.
- representation or warranty unauthorized by you.
- reckless or willful violation of any law or regulation.
- chemical or physical change in **your product** made intentionally by the person or organization.

Further, no person or organization from whom you have acquired **your product**, or any container, ingredient or part accompanying, entering into or containing **your product**, is an **insured** under this provision.

*Other Persons Or Organizations Pursuant  
To Contract Or Agreement*

Persons or organizations that you are obligated pursuant to a contract or agreement to provide with such insurance as is afforded by this policy are **insureds**.

However, such a person or organization is an **insured** only:

- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**; and
- for such activities that did not occur, in whole or in part, before the execution of the contract or agreement.

No person or organization is an **insured** under this provision:

- A. that is more specifically identified under any other provision of the Who Is An Insured section (regardless of any limitation applicable thereto).

**Who Is An Insured**

*Other Persons Or Organizations Pursuant To Contract Or Agreement (continued)*

- B. with respect to any:
1. assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages for injury or damage, to which this insurance applies, that such person or organization would have in the absence of such contract or agreement.
  2. representation or warranty unauthorized by you.
  3. reckless or willful violation of any law or regulation.
  4. failure to make adjustments, inspections, services or tests that the person or organization has agreed to make or normally undertakes to make in the regular course of their business in connection with the distribution or sale of **your product**.
  5. chemical or physical change in **your product** made intentionally by the person or organization.
  6. demonstration, installation, repair or servicing operations, except such operations performed at the person's or organization's premises in connection with the distribution or sale of **your product**.
  7. of **your products** that, after distribution or sale by you, have been labeled or relabeled or used as a container, ingredient or part of any other substance or thing by or for the person or organization.
  8. rendering of or failure to render any professional service, advice or instruction regardless of whether or not such service, advice or instruction is ordinary to any **insured's** profession and regardless of whether or not a claim is made or **suit** is brought by any client or other person or organization. With respect to the rendering of or failure to render a **healthcare service** only, this limitation does not apply to **bodily injury** caused by a defect, deficiency, inadequacy or dangerous condition in **your product** to which this insurance applies.

The limitations described in subparagraphs B. 5. through B. 7. above do not apply to the extent that:

- you have agreed in a written contract or agreement that such person or organization will provide such operations for you; and
- such written contract or agreement requires the person or organization to be afforded status as an **insured**.

*Limitations On Who Is An Insured*

- A. Except to the extent provided under the Subsidiary Or Newly Acquired Or Formed Organizations provision, no person or organization is an **insured** with respect to the conduct of any person or organization that is not shown as a named **insured** in the Declarations.
- B. No person or organization is an **insured** with respect to any damages, loss, cost or expense arising out of any:
1. ownership, maintenance or use of any assets; or
  2. conduct of any person or organization whose assets, business or organization; any named **insured** acquires, either directly or indirectly, for any:
    - **bodily injury** or **property damage** that occurs; or
    - **advertising injury** or **personal injury** arising out of any offense committed;
- in whole or in part, before such acquisition is executed.

**WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY**

**WC 99 03 04 (Ed. 7-08)**

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT—CALIFORNIA**

This endorsement changes the policy to which it is attached effective on the inception date of the policy unless a different date is indicated below.

(The following "attaching clause" need be completed only when this endorsement is issued subsequent to preparation of the policy.)

This endorsement, effective on 11/12/18 at 12:01 A. M. standard time, forms a part of  
(DATE)

Policy No. (19)7177-13-70 of the FEDERAL INSURANCE COMPANY  
(NAME OF INSURANCE COMPANY)

issued to LYELL IMMUNOPHARMA, INC.

Endorsement No.

\_\_\_\_\_  
Authorized Representative

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. The additional premium for the blanket waiver offered by this endorsement shall be 1.00% of total California premium.

**Schedule**

**Person or Organization**

**Job Description**

BLANKET WAIVER - ANY PERSON OR ORGANIZATION FOR WHOM THE NAMED INSURED HAS AGREED BY WRITTEN CONTRACT TO FURNISH THIS WAIVER

ALL CALIFORNIA OPERATIONS

WC 99 03 04 (Ed. 7-08)



# EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
1/4/2019

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME CONTACT PERSON AND ADDRESS Woodruff-Sawyer Oregon, Inc. 1001 SW 5th Avenue, Suite 1000 Portland OR 97204	PHONE (A/C, No, Ext): 503-416-7180	COMPANY NAME AND ADDRESS Federal Insurance Company	NAIC NO: 20281
FAX (A/C, No): 503-243-1815	E-MAIL ADDRESS:	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
CODE:	SUB CODE:	POLICY TYPE Commercial Property	
AGENCY CUSTOMER ID #:	NAMED INSURED AND ADDRESS Lyll Immunopharma, Inc. 500 Fairview Avenue N Suite 5000 Seattle, WA 98109	LOAN NUMBER	POLICY NUMBER 36057665
ADDITIONAL NAMED INSURED(S)	EFFECTIVE DATE 11/12/2018	EXPIRATION DATE 12/15/2019	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION (ACORD 101 may be attached if more space is required)  BUILDING OR  BUSINESS PERSONAL PROPERTY

LOCATION / DESCRIPTION  
Evidence of insurance coverage.  
See Attached...

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION		PERILS INSURED	BASIC	BROAD	<input checked="" type="checkbox"/>	SPECIAL	
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE:		\$ 13,760,000		DED:			
<input checked="" type="checkbox"/> BUSINESS INCOME	<input type="checkbox"/> RENTAL VALUE	YES	NO	N/A			
		X			If YES, LIMIT: \$15,100,000 Actual Loss Sustained; # of months:		
BLANKET COVERAGE		X			If YES, indicate value(s) reported on property identified above: \$		
TERRORISM COVERAGE		X			Attach Disclosure Notice / DEC		
IS THERE A TERRORISM-SPECIFIC EXCLUSION?				X			
IS DOMESTIC TERRORISM EXCLUDED?				X			
LIMITED FUNGUS COVERAGE				X	If YES, LIMIT:		DED:
FUNGUS EXCLUSION (If "YES", specify organization's form used)				X			
REPLACEMENT COST		X					
AGREED VALUE		X					
COINSURANCE				X	If YES, %		
EQUIPMENT BREAKDOWN (If Applicable)		X			If YES, LIMIT:		DED:
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg				X	If YES, LIMIT:		DED:
- Demolition Costs				X	If YES, LIMIT:		DED:
- Incr. Cost of Construction				X	If YES, LIMIT:		DED:
EARTH MOVEMENT (If Applicable)				X	If YES, LIMIT:		DED:
FLOOD (If Applicable)				X	If YES, LIMIT:		DED:
WIND / HAIL INCL <input type="checkbox"/> YES <input type="checkbox"/> NO Subject to Different Provisions:				X	If YES, LIMIT:		DED:
NAMED STORM INCL <input type="checkbox"/> YES <input type="checkbox"/> NO Subject to Different Provisions:				X	If YES, LIMIT:		DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS		X					

CANCELLATION  
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST		LENDER'S LOSS PAYABLE <input type="checkbox"/> LOSS PAYEE		LENDER SERVICING AGENT NAME AND ADDRESS	
CONTRACT OF SALE					
MORTGAGEE					
NAME AND ADDRESS  Alexandria Real Estate Equities, Inc. 385 E. Colorado Boulevard, Suite 299 Pasadena CA 91101				AUTHORIZED REPRESENTATIVE 	

© 2003-2015 ACORD CORPORATION. All rights reserved.

AGENCY CUSTOMER ID: \_\_\_\_\_  
LOC #: \_\_\_\_\_



### ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY Woodruff-Sawyer Oregon, Inc.		NAMED INSURED Lyell Immunopharma, Inc. 500 Fairview Avenue N Suite 5000 Seattle, WA 98109	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

**ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.  
FORM NUMBER: 28 FORM TITLE: EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

REMARKS:  
Re: 400 East Jamie Court, South San Francisco, California



FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this “**First Amendment**”) is made as of August 15, 2019, by and between **ARE-EAST JAMIE COURT, LLC**, a Delaware limited liability company (“**Landlord**”), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation (“**Tenant**”).

RECITALS

**A.** Landlord and Tenant entered into that certain Lease Agreement dated as of January 14, 2019 (the “**Lease**”). Pursuant to the Lease, Tenant leases certain premises consisting of approximately 33,949 rentable square feet (“**Original Premises**”) in a building located at 400 East Jamie Court, South San Francisco, California. The Original Premises are more particularly described in the Lease. Capitalized terms used herein without definition shall have the meanings defined for such terms in the Lease.

**B.** Landlord and Tenant desire, subject to the terms and conditions set forth below, to amend the Lease to, among other things, expand the size of the Original Premises by adding a portion of the second floor of the Building containing approximately 5,700 rentable square feet, as shown on **Exhibit A** attached to this First Amendment (the “**Expansion Premises**”).

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

- 1. Expansion Premises.** In addition to the Original Premises, commencing on the Expansion Premises Commencement Date, Landlord leases to Tenant, and Tenant leases from Landlord, the Expansion Premises.
- 2. Delivery.** Landlord shall use reasonable efforts to deliver the Expansion Premises to Tenant (“**Delivery**” or “**Deliver**”) on or before the Target Expansion Premises Commencement Date (subject to Force Majeure delays). If Landlord fails to timely Deliver the Expansion Premises, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and this First Amendment shall not be void or voidable.

The “**Expansion Premises Commencement Date**” shall be the date that Landlord Delivers the Expansion Premises to Tenant in broom clean condition. The “**Target Expansion Premises Commencement Date**” shall be August 1, 2019. Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Expansion Premises Commencement Date in a form substantially similar to the form of the “**Acknowledgement of Commencement Date**” attached to the Lease as **Exhibit D**; provided, however, Tenant’s failure to execute and deliver such acknowledgment shall not affect Landlord’s rights hereunder.

Except as expressly set forth in the Lease or this First Amendment: (i) Tenant shall accept the Expansion Premises in their condition as of the Expansion Premises Commencement Date; (ii) Landlord shall have no obligation for any defects in the Expansion Premises; and (iii) Tenant’s taking possession of the Expansion Premises shall be conclusive evidence that Tenant accepts the Expansion Premises and that the Expansion Premises were in good condition at the time possession was taken.

For the period of 60 consecutive days after the Expansion Premises Commencement Date, Landlord shall, at its sole cost and expense (which shall not constitute an Operating Expense), be responsible for any repairs that are required to be made to the Building Systems serving the Expansion Premises, unless Tenant or any Tenant Party was responsible for the cause of such repair, in which case Tenant shall pay the cost.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

Tenant agrees and acknowledges that, except as otherwise expressly set forth in this First Amendment, neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Expansion Premises, and/or the suitability of the Expansion Premises for the conduct of Tenant's business, and Tenant waives any implied warranty that the Expansion Premises are suitable for the Permitted Use.

3. **Premises and Rentable Area of Premises.** As of the Expansion Premises Commencement Date, the defined terms "**Premises**" and "**Rentable Area of Premises**" on page 1 of the Lease shall be deleted in their entirety and replaced with the following:

"**Premises:** That portion of the (i) third floor of the Building, containing approximately 30,055 rentable square feet (the "**Third Floor Premises**"), (ii) second floor of the Building containing approximately 3,894 rentable square feet (the "**Second Floor Premises**"), and (iii) second floor of the Building containing approximately 5,700 rentable square feet (the "**Expansion Premises**"), all as shown on **Exhibit A.**"

"**Rentable Area of Premises:** 39,649 sq. ft."

As of Expansion Premises Commencement Date, **Exhibit A** to the Lease shall be amended to include the Expansion Premises as shown on **Exhibit A** attached to this First Amendment.

4. **Base Rent.**

a. **Original Premises.** Tenant shall continue paying Base Rent with respect to the Original Premises pursuant to the terms of the Lease through the expiration of the Base Term.

b. **Expansion Premises.** Commencing on the Expansion Premises Commencement Date, Tenant shall commence paying Base Rent with respect to the Expansion Premises at the same per rentable square foot rate that Tenant is then-paying with respect to the Original Premises, as adjusted pursuant to **Section 4(a)** of the Lease.

5. **Tenant's Share.** As of the Expansion Premises Commencement Date, the defined term "**Tenant's Share of Operating Expenses for the Building**" on page 1 of the Lease shall be deleted in their entirety and replaced with the following:

"**Tenant's Share of Operating Expenses for the Building:** 44.79%"

6. **Base Term.** As of the Expansion Premises Commencement Date, the defined term "**Base Term**" on page 1 of the Lease shall be deleted in its entirety and replaced with the following:

"**Base Term:** Commencing (i) with respect to the Original Premises on the Commencement Date, and (ii) with respect to the Expansion Premises on the Expansion Premises Commencement Date, and ending with respect to the entire Premises on August 31, 2029."

7. **Right to Expand.** Notwithstanding anything to the contrary contained in the **Section 39** of the Lease, Landlord agrees that it will not enter into a lease with a third party for any portion of the ROFR Space that would commence prior to April 1, 2020.

8. **Shared Space Arrangements.** Notwithstanding anything to the contrary contained in the Lease, Tenant may from time to time enter into agreements for up to 15% of the Premises (each, a



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

“**Shared Space Arrangement**”) with third parties pursuant to which such third parties may occupy portions of the Premises as “**Shared Space Area**”, and such agreements shall not require Landlord’s consent under Section 22 of the Lease; provided, however, that Tenant shall be required to provide Landlord with a copy of each such license agreement and, prior to the effective date of each such license agreement, Tenant and each licensee shall be required to execute Landlord’s reasonable form of acknowledgment pursuant to which Tenant and the licensee acknowledge and agree, among other things, that: (i) the terms of the Shared Space Arrangement are subject and subordinate to the terms of the Lease, (ii) if the Lease terminates, then the Shared Space Arrangement shall terminate concurrently therewith, (iii) each licensee shall, during the term of its applicable Shared Space Arrangement, maintain the same insurance as is required of Tenant under the Lease and provide Landlord with insurance certificates evidencing the same and naming the Landlord Parties as additional insureds, and (iv) the waivers and releases set forth in the second to last paragraph of Section 17 of the Lease that apply as between Landlord and Tenant shall also apply as between Landlord and licensee. Tenant shall be fully responsible for the conduct of such companies within the Shared Space Area and the Project, and Tenant’s indemnification obligations set forth in the Lease shall apply with respect to the conduct of such parties within the Shared Space Area and Project.

9. **Brokers.** Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, “**Broker**”) in connection with the transaction reflected in this First Amendment and that no Broker brought about this transaction, other than Jones Lang LaSalle and Flinn Ferguson Cresa. Landlord and Tenant each hereby agrees to indemnify and hold the other harmless from and against any claims by any Broker, other than other than Jones Lang LaSalle and Flinn Ferguson Cresa, claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this First Amendment.
10. **OFAC.** Tenant and all beneficial owners of Tenant are currently (a) in compliance with and shall at all times during the Term of the Lease remain in compliance with the regulations of the Office of Foreign Assets Control (“**OFAC**”) of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the “**OFAC Rules**”), (b) not listed on, and shall not during the term of the Lease be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List, or the Sectoral Sanctions Identification List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.
11. **California Accessibility Disclosure.** Section 42(p) of the Lease is hereby incorporated by reference.
12. **Miscellaneous.**
  - a. This First Amendment is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This First Amendment may be amended only by an agreement in writing, signed by the parties hereto.
  - b. This First Amendment is binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
  - c. This First Amendment may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this First Amendment and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

**d.** Except as amended and/or modified by this First Amendment, the Lease is hereby ratified and confirmed and all other terms of the Lease shall remain in full force and effect, unaltered and unchanged by this First Amendment. In the event of any conflict between the provisions of this First Amendment and the provisions of the Lease, the provisions of this First Amendment shall prevail. Whether or not specifically amended by this First Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this First Amendment.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

**TENANT:**

**LYELL IMMUNOPHARMA, INC.,**  
a Delaware corporation

By: /s/ Elizabeth Homans

Its: CEO

**LANDLORD:**

**ARE-EAST JAMIE COURT, LLC,**  
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,  
a Delaware limited partnership,  
managing member

By: ARE-QRS CORP.,  
a Maryland corporation,  
general partner

By: /s/ Allison Grochola

Its: Allison Grochola  
Vice President  
RE Legal Affairs



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

## SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (this “**Second Amendment**”) is made as of August 15, 2019, by and between **ARE-EAST JAMIE COURT, LLC**, a Delaware limited liability company (“**Landlord**”), and **LYELL IMMUNOPHARMA, INC.**, a Delaware corporation (“**Tenant**”).

### RECITALS

A. Landlord and Tenant entered into that certain Lease Agreement dated as of January 14, 2019, as amended by that certain First Amendment to Lease dated as of August 15, 2019 (as amended, the “**Lease**”). Pursuant to the Lease, Tenant leases certain premises consisting of approximately 39,649 rentable square feet (“**Premises**”) in a building located at 400 East Jamie Court, South San Francisco, California. The Premises are more particularly described in the Lease. Capitalized terms used herein without definition shall have the meanings defined for such terms in the Lease.

B. Concurrently with this Second Amendment, Tenant is entering into a new lease with an affiliate of Landlord pursuant to which Tenant is leasing approximately 91,000 rentable square feet of space at that certain to-be-constructed building to be known as 201 Haskins Way, South San Francisco, California (“**201 Haskins**”).

C. Landlord and Tenant desire, subject to the terms and conditions set forth below, to amend the Lease as provided in this Second Amendment.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

- Early Termination Right.** Tenant shall have the right, subject to the provisions of this Section 1, to terminate the Lease (“**Termination Right**”) with respect to the entire Premises (except as otherwise provided in Section 2 below) by delivery of 12 months advance written notice to Landlord delivered no later than December 31, 2020 (the “**Termination Notice**”). If Tenant delivers a Termination Notice to Landlord on or before December 31, 2020, then the expiration date of the Term of the Lease shall be accelerated to the date that is 12 months after the date of the Termination Notice (“**Early Termination Date**”). If Tenant timely and properly exercises the Termination Right by delivery of the Termination Notice, Tenant shall vacate the Premises and deliver possession thereof to Landlord in the condition required by the terms of the Lease on or before the Early Termination Date and Tenant shall have no further obligations under the Lease after the Early Termination Date except for those under Section 2 below and those accruing prior to the Early Termination Date and those which, pursuant to the terms of the Lease, survive the expiration or early termination of the Lease. If Tenant does not deliver to Landlord the Termination Notice within the time period provided in this paragraph, Tenant shall be deemed to have waived its Termination Right and the provisions of this Section 1 shall have no further force or effect.
- Vivarium Premises.** Notwithstanding anything to the contrary contained in Section 1 above, Tenant may elect, in the Termination Notice, to elect to continue to lease the vivarium portion of the Premises as more particularly described on **Exhibit A** attached hereto (the “**Vivarium Premises**”) following the Early Termination Date, in which case the parties shall enter into an amendment to the Lease providing for the surrender by Tenant of and termination of the Lease with respect to the Premises, other than the Vivarium Premises, as of the Early Termination Date. For the avoidance of doubt, the amendment to the Lease shall reflect the reduction of the rentable square footage of the Premises to the rentable square footage of the Vivarium Premises and the corresponding changes required in connection with such reduction.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

Notwithstanding the foregoing, if Tenant so elects to continue the Lease with respect to the Vivarium Premises, Landlord shall have the right upon not less than 120 days' prior written notice, to relocate the Vivarium Premises to another location designated by Landlord in the Project or at the project in which 201 Haskins is located (the "**201 Haskins Project**"), provided that: (a) the size of the Vivarium Premises is at least equal to the size of the Premises, and (b) Landlord pays the reasonable costs of moving Tenant's operations conducted in the Vivarium Premises and improving the Vivarium Premises to a substantially similar standard as that of the Vivarium Premises, and reimburses Tenant for all reasonable costs directly incurred by Tenant as a result of relocation. Tenant shall cooperate with Landlord in all reasonable ways to facilitate relocation. If the Vivarium Premises is relocated within the Project, the parties shall enter into an amendment to the Lease which shall, among other things, identify the substitute Vivarium Premises. If the Vivarium Premises is relocated to the 201 Haskins Project, then (i) Landlord and Tenant will enter into a termination agreement with respect to the Lease, and (ii) Tenant and Landlord's affiliate that owns the 201 Haskins Project shall enter into an agreement for the leasing or licensing of the substitute Vivarium Premises at the 201 Haskins Project. In the event of any relocation of the Vivarium Premises within the Project or to the 201 Haskins Project, unless the parties mutually agree, Tenant shall continue to pay the same per square foot Base Rent with respect to the substitute Vivarium Premises that Tenant would otherwise be required to pay under the Lease, and the term of the lease or license of the substitute Vivarium Premises shall continue through the expiration date of the Base Term of the Lease.

3. **Brokers.** Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "**Broker**") in connection with the transaction reflected in this Second Amendment and that no Broker brought about this transaction, other than Jones Lang LaSalle and Flinn Ferguson Cresa. Landlord and Tenant each hereby agrees to indemnify and hold the other harmless from and against any claims by any Broker, other than Jones Lang LaSalle and Flinn Ferguson Cresa, claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this Second Amendment.
4. **OFAC.** Tenant and all beneficial owners of Tenant are currently (a) in compliance with and shall at all times during the Term of the Lease remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "**OFAC Rules**"), (b) not listed on, and shall not during the term of the Lease be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List, or the Sectoral Sanctions Identification List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.
5. **Miscellaneous.**
  - a. This Second Amendment is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This Second Amendment may be amended only by an agreement in writing, signed by the parties hereto.
  - b. This Second Amendment is binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
  - c. This Second Amendment may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.

electronic signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this Second Amendment and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

**d.** Except as amended and/or modified by this Second Amendment, the Lease is hereby ratified and confirmed and all other terms of the Lease shall remain in full force and effect, unaltered and unchanged by this Second Amendment. In the event of any conflict between the provisions of this Second Amendment and the provisions of the Lease, the provisions of this Second Amendment shall prevail. Whether or not specifically amended by this Second Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this Second Amendment.



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



**TENANT:**

**LYELL IMMUNOPHARMA, INC.,**  
a Delaware corporation

By: /s/ Elizabeth Homans \_\_\_\_\_

Its: CEO

**LANDLORD:**

**ARE-EAST JAMIE COURT, LLC,**  
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,  
a Delaware limited partnership,  
managing member

By: ARE-QRS CORP.,  
a Maryland corporation,  
general partner

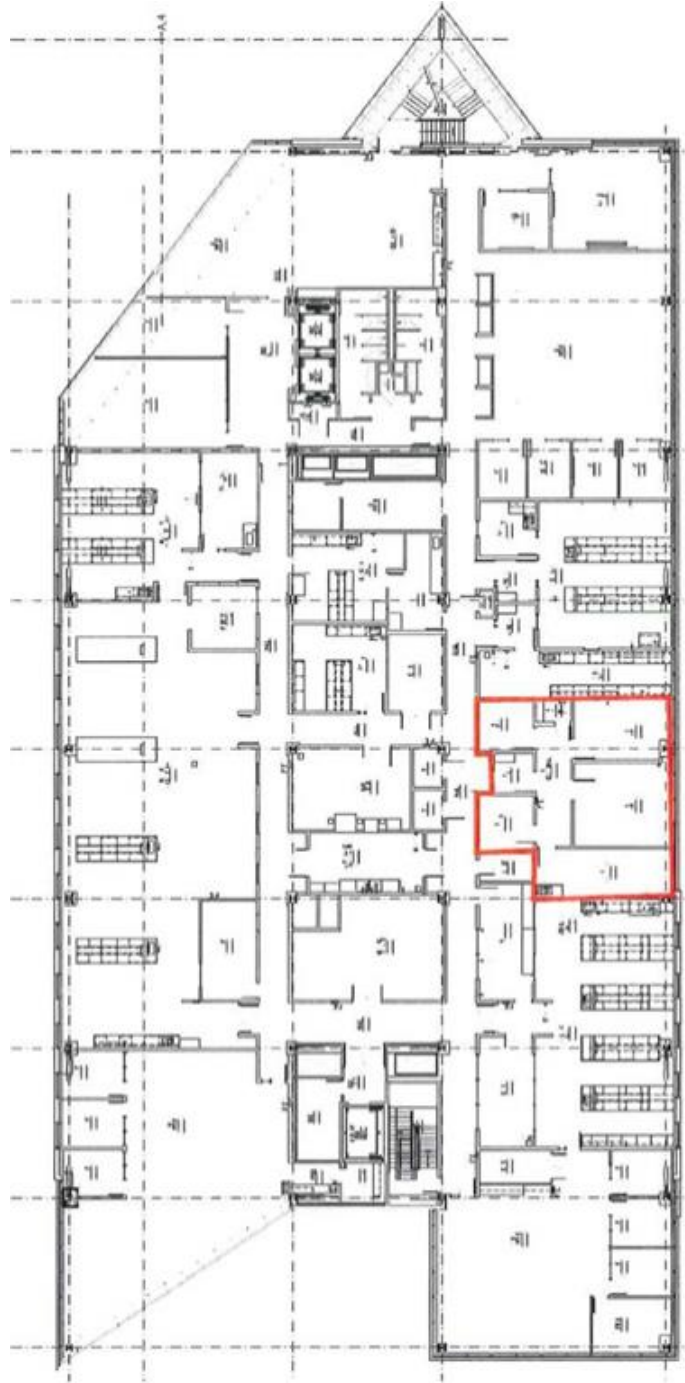
By: /s/ Allison Grochola \_\_\_\_\_

Its: Allison Grochola  
Vice President  
RE Legal Affairs

Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.



**Exhibit A**  
**Vivarium Premises**



Copyright © 2005, Alexandria Real Estate Equities, Inc.  
ALL RIGHTS RESERVED. Confidential and Proprietary  
– Do Not Copy or Distribute. Alexandria and the  
Alexandria Logo are registered trademarks of Alexandria  
Real Estate Equities, Inc.