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As filed with the Securities and Exchange Commission on October 4, 2013

Registration Statement No. 333-190994

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

AMENDMENT NO. 3
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MACROGENICS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**2834**	**06-1591613**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

9640 Medical Center Drive
Rockville, MD 20850
(301) 251-5172
(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
9640 Medical Center Drive
Rockville, MD 20850
(301) 251-5172
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Richard E. Baltz
Arnold & Porter LLP
555 12th Street NW
Washington, DC 20004-1206
(202) 942-5000

Steven D. Singer
Lisa Firenze
Wilmer Cutler Pickering Hale and Dorr LLP
7 World Trade Center
New York, NY 10007
(212) 230-8000

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):

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

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 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We cannot sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion
Preliminary Prospectus dated October 4, 2013

PROSPECTUS

4,000,000 Shares

Common Stock

This is MacroGenics, Inc.'s initial public offering. We are selling 4,000,000 shares of our common stock.

We expect the public offering price to be between $14.00 and $16.00 per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade on the NASDAQ Global Select Market under the symbol "MGNX".

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

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 11 of this prospectus.

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions[1]	$	$
Proceeds before expenses, to us	$	$

[1] We refer you to "Underwriting" beginning on page 158 of this prospectus for additional information regarding total underwriter compensation.

The underwriters may also exercise their option to purchase up to an additional 600,000 shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

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

The shares will be ready for delivery on or about , 2013.

BofA Merrill Lynch **Leerink Swann**

Stifel

Lazard Capital Markets **Wedbush PacGrow Life Sciences**

The date of this prospectus is , 2013.

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We have not authorized anyone to provide you with information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give to you. We are offering to sell shares of our common stock, and seeking offers to buy shares of our common stock, only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock.

Neither we nor any of the underwriters have taken any action to permit a public offering of the shares of our common stock or the possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

PROSPECTUS SUMMARY

This summary highlights 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 that may be important to you. You should read and carefully consider the following summary together with the entire prospectus, including our consolidated financial statements and the notes thereto appearing elsewhere in this prospectus and the matters discussed in the sections in this prospectus entitled "Risk Factors," "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" before deciding to invest in our common stock. Some of the statements in this prospectus constitute forward-looking statements that involve risks and uncertainties. See "Special Note Regarding Forward-Looking Statements." Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those discussed in the "Risk Factors" and other sections of this prospectus.

Except as otherwise indicated herein or as the context otherwise requires, references in this prospectus to "MacroGenics" "the company," "we," "us" and "our" refer to MacroGenics, Inc. and its consolidated subsidiaries.

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing innovative monoclonal antibody-based therapeutics for the treatment of cancer and autoimmune diseases. We generate our pipeline of product candidates from our proprietary suite of next-generation antibody technology platforms, which we believe improve the performance of monoclonal antibodies and antibody-derived molecules. These product candidates, which we have identified through our understanding of disease biology and immune-mediated mechanisms, may address disease-specific challenges which are not currently being met by existing therapies. We create both differentiated molecules that are directed to novel cancer targets, as well as "bio-betters," which are drugs designed to improve upon marketed medicines. The combination of our technology platforms and antibody engineering expertise has allowed us to generate promising product candidates and enter into several strategic collaborations with global pharmaceutical and biotechnology companies. These collaborations provide us with funding and allow us to leverage the additional expertise of our collaborators to advance the development of our product candidates.

We have three versatile, proprietary technology platforms that can be applied in combination with one another to custom design an antibody or antibody-derived molecule that is optimized to treat a specific disease. These technologies are described below.

(1) Our *Dual Affinity Re-Targeting, or DART, platform* enables the targeting of multiple antigens or cells by using a single molecule with an antibody-like structure, and also includes the ability to recruit any T cell in a patient's body to destroy targeted cancer cells. We have created over 100 DART-based molecules, or DARTs, which we believe improve upon the human immune system and have more potent immune properties than the parent antibody molecules from which they are derived.

(2) Our *Fc Optimization platform* enhances the body's immune system to mediate the killing of cancer cells through a mechanism called antibody-dependent cellular cytotoxicity, or ADCC, in which antibodies and immune cells cooperate to destroy targets such as tumor cells. To date, we have successfully incorporated our Fc Optimization technology into our two lead oncology product candidates and have pre-clinical data demonstrating that these antibodies have substantially greater ability to kill cancer cells than similar antibodies that have not been Fc-optimized.

(3) Our *Cancer Stem-like Cell, or CSLC, platform* provides a unique discovery tool to identify cancer targets shared both by tumor-initiating cells and the differentiated cancer cells derived from them. Using this platform, we can create antibodies or antibody-derived molecules that specifically target and destroy CSLCs, potentially enabling us to address the large, unmet medical needs of many cancers that are difficult to treat.

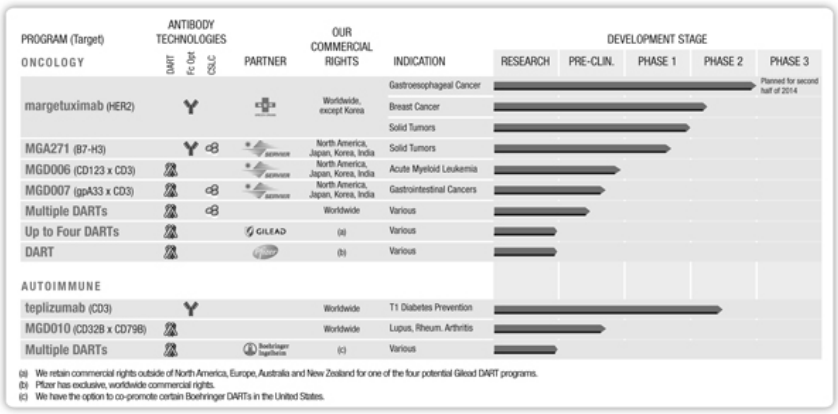
We utilize one or more of our technology platforms for engineering and optimizing our antibody and antibody-derived product candidates. Many of our cancer product candidates are derived from our library of over 1,900 purified antibodies. We believe our approach allows us to take advantage of the enhanced properties of an engineered antibody or antibody-derived molecule to kill cancer cells and to interfere with autoimmune disorders more effectively than a wild type, or non-engineered, monoclonal antibody. Our methods for improving the effectiveness of antibodies include the following: enhancing the body's immune system; targeting multiple antigens on the surface of the same target cell; increasing the strength of the binding of an antibody to its antigen targets; and reducing the likelihood of an unwanted immune response to the antibody or antibody-derived molecule. We believe our differentiated product candidates have the potential to provide new approaches to treat cancer, autoimmune disorders and other complex diseases and to improve clinical outcomes.

We have entered into strategic collaborations with Les Laboratoires Servier and Institut de Recherches Servier, or collectively, Servier, Gilead Sciences, Inc., or Gilead, Boehringer Ingelheim International GmbH, or Boehringer, and Pfizer, Inc., or Pfizer, among others. Under our current strategic collaborations, we have received approximately $106 million in non-equity funding during the three year period ended June 30, 2013. Under these agreements we are entitled to receive substantial milestone and other payments, including over $100 million of potential payments that we believe are likely to be received by the end of 2015, assuming all of our collaboration programs advance as currently contemplated. As of June 30, 2013, we had $33.8 million in cash and cash equivalents. Subsequently, we received a $10 million milestone payment in August 2013.

Our Product Candidates

We currently have two oncology product candidates in clinical development. Additionally, we have several proprietary product candidates in pre-clinical development and we expect to commence Phase 1 clinical trials on two of these product candidates in 2014. We believe the profile of our compounds provides us with the flexibility to pursue either monotherapy or combination therapy, depending on disease characteristics, current standards of care, and overall safety, tolerability and efficacy of specific regimens.

The table below depicts the current status of our product candidates:



- *Margetuximab*, also known as MGAH22, is a monoclonal antibody that targets HER2-expressing tumors, including breast, gastroesophageal, bladder and other cancers. HER2, or human epidermal growth factor receptor 2, is critical for the growth of many types of tumors. Using our Fc Optimization platform, we have engineered the constant region, or Fc region, of margetuximab to enhance the antibody's ability to kill tumor cells expressing lower levels of HER2 than that of currently approved anti-HER2 agents (such as Herceptin) and also to increase margetuximab's ability to kill tumor cells through ADCC. We designed margetuximab to benefit a large sub-group of patients, which represents 80% or more of the overall population whose Fc receptors, or FcgRs, expressed on immune cells bind less effectively to currently available antibodies that have not been optimized by our technology. Margetuximab represents a new class of bio-betters that may potentially help larger HER2 positive, or HER2+, patient populations than those treated with current HER2 therapies, as well as improve the outcomes for patients who would be eligible for other HER2 targeted drugs and drug candidates. Phase 1 data from our open-label, dose escalation trial of margetuximab presented at the June 2013 Annual Meeting of the American Society of Clinical Oncology, or ASCO, demonstrated that anti-tumor activity had been observed at a range of doses tested, including the lowest dose level, even in patients who were heavily pre-treated (frequently including with other anti-HER2 agents). We currently are enrolling a Phase 2a clinical trial in metastatic breast cancer and anticipate commencing a Phase 3 potential registration clinical trial in advanced gastroesophageal cancer in the second half of 2014.

- *MGA271* is an Fc-optimized monoclonal antibody that targets B7-H3, a member of the B7 family of molecules which are involved in immune regulation, and is over-expressed on a wide variety of solid tumor types. MGA271 represents one of the few novel molecules that may provide relief from immune checkpoint inhibition by releasing a restraint, or brake, on the anti-tumor immune response. Inhibition of immune checkpoints has been shown to have powerful anti-tumor effects in several solid tumor types. For example, in presentations by others at ASCO and in publications in the *New England Journal of Medicine*, complete or partial tumor regression was observed in patients with certain cancers who participated in clinical trials of antibodies targeting CTLA4, PD-1 and PD-L1, which are also members of the B7 family or their associated checkpoint receptors on

T cells. We have engineered MGA271 to utilize the same Fc Optimization enhancements that we incorporated in margetuximab, and to target the over-expression of B7-H3 on differentiated tumor cells and CSLCs, as well as on the supporting tumor vasculature and underlying tissues. MGA271 is designed to destroy all of these components of the cancer in addition to reducing its inhibitory properties on T cells. We have initiated a Phase 1 clinical trial that we expect to complete by the end of 2014. We plan to initiate a Phase 2 clinical trial no later than early 2015.

- *MGD006* is a humanized DART molecule that recognizes both CD123 and CD3. CD123, the Interleukin-3 receptor, or IL3R, alpha chain is expressed on leukemia and leukemic stem cells, but not on normal hematopoietic stem cells. T cells, which express CD3, can destroy tumor cells. In pre-clinical studies, we have demonstrated the ability of MGD006 at extremely low doses to recruit, activate, and expand T cell populations to eliminate leukemia cells. We expect to commence a Phase 1 clinical trial in the first half of 2014.

- *MGD007* is a humanized DART molecule that recognizes both the glycoprotein gpA33 and CD3. gpA33 is expressed on gastrointestinal tumors, including more than 95% of human colon cancers. We have demonstrated that this molecule is able to mediate T cell killing of gpA33-expressing cancer cells and CSLCs in pre-clinical experiments. We expect to commence a Phase 1 clinical trial in the second half of 2014.

Our Collaborations

We have entered into several strategic collaborations for our product candidates and technology platforms, including:

- *Servier*. In November 2011, we entered into a collaboration agreement with Servier under which we granted Servier an option to obtain an exclusive license to develop and commercialize MGA271 in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. We have received a $20 million option grant fee and a $10 million milestone payment, and may be eligible to receive up to approximately $415 million in license grant fees, and clinical, development, regulatory and sales milestone payments if Servier exercises the option, obtains regulatory approval for, and successfully commercializes MGA271.

  In September 2012, we entered into a second agreement with Servier and granted it options to obtain three separate exclusive licenses to develop and commercialize DART-based molecules, consisting of those designated by us as MGD006 and MGD007, as well as a third DART-based molecule, in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. We received a $20 million option grant fee and may be eligible to receive up to approximately $1 billion in additional license grant fees, and clinical, development, regulatory and sales milestone payments if Servier exercises all three of its options and successfully develops, obtains regulatory approval for and commercializes a product under each license.

  Additionally, under both agreements, Servier would be obligated to pay us low double digit to mid-teen royalties on product sales in its territories.

- *Gilead.* In January 2013, we entered into an agreement with Gilead to grant it an exclusive worldwide license to research, develop and commercialize up to four DART-based molecules. Gilead has exclusive worldwide rights for three of the programs. For one program, we retain development and commercialization rights outside of North America, the European Union, Norway, Iceland, Turkey, Australia and New Zealand. We received an initial $7.5 million license grant fee

for the first DART-based molecule, and are eligible to receive up to an additional $22.5 million in grant fees on the remaining three DART-based molecules. We are further eligible to receive up to an additional $85 million in pre-clinical milestones across the four DART programs and additional clinical, regulatory and sales milestones and royalty payments.

- *Boehringer*. In October 2010, we entered into an agreement with Boehringer to discover, develop and commercialize up to ten DART-based molecules which may span multiple therapeutic areas. We granted Boehringer an exclusive worldwide, royalty-bearing, license and received an upfront payment of $15 million. We subsequently received two annual maintenance payments and anticipate receiving a third annual maintenance payment in the fourth quarter of 2013. We have the potential to earn development, regulatory and sales milestones and royalty payments for each of the DART programs under this agreement. Boehringer provides funding for our internal and external research costs under the agreement.

- *Pfizer.* In October 2010, we entered into a three year agreement with Pfizer to discover, develop and commercialize up to two DART-based molecules. We granted Pfizer a non-exclusive worldwide, royalty-bearing license and received upfront and milestone payments and funding for our internal and external research costs under the agreement. We are eligible to receive technical, development and sales milestones and royalty payments for each DART program under this agreement. Under this collaboration, one DART program is currently being pursued and we will complete our research obligations under this program in January 2014.

Our Strategy

Our goal is to be a leader in the discovery, development and commercialization of antibody-based therapeutics for the treatment of patients with cancer, autoimmune disorders and other complex diseases.

Key elements of our strategy to achieve this goal are to:

- *Rapidly and concurrently advance our clinical oncology product candidates in multiple tumor types.* We intend to pursue the fastest feasible pathways to approval and to address large, underserved markets. We are developing product candidates that we believe could address disease specific challenges which are not currently being met by existing therapies. We are currently enrolling a Phase 2a clinical trial of margetuximab in metastatic breast cancer for which we expect to have results in 2014. We anticipate commencing a Phase 3 potential registration clinical trial of margetuximab in advanced gastroesophageal cancer in the second half of 2014. We are currently enrolling the dose-expansion portion of a Phase 1 clinical trial of MGA271 as a single-agent in the treatment of 45 patients with solid tumors. In addition, we are currently optimizing multiple DART therapeutics as candidates for clinical development. We anticipate that we will begin Phase 1 clinical trials of MGD006, our first DART candidate, in the first half of 2014, and MGD007, our second DART candidate, in the second half of 2014.

- *Leverage collaborative relationships.* We have multiple programs in development under our collaborations and are working closely with our collaborators to advance these programs. We believe that these collaborations help to validate and rapidly advance our discovery efforts, technology platforms, and product candidates while providing significant funding to advance our pipeline and access to the development and commercial expertise of our collaborators. To facilitate the capital-efficient development and commercialization of our proprietary programs, we intend to enter into additional collaboration agreements with biopharmaceutical companies. We anticipate that we would structure these collaborations in ways that would allow us to retain development and commercialization rights in key markets.

- *Create new product candidates that combine the potency and target selectivity of our DART and Fc Optimization technologies with small molecule and toxin conjugation technologies*. We are working with several companies to combine their proprietary linkers and drug conjugates with our monoclonal antibodies and our DART molecules. Our goal is to identify and further develop new clinical product candidates, either antibody-drug conjugates, or ADCs, or DART-drug conjugates, through these research efforts.

- *Establish commercialization and marketing capabilities in the United States*. We have retained commercialization rights in the United States for our clinical stage programs as well as the three DART programs that we are developing in collaboration with Servier. We intend to build a targeted specialty sales force and marketing capabilities in the United States to commercialize our product candidates that receive regulatory approval.

- *Strengthen our leadership position in fully integrated antibody engineering and development capabilities.* We have built a powerful and fully integrated set of capabilities that are critical to our ability to discover, optimize and develop antibody-based therapeutic product candidates in a rapid and efficient manner. We currently manufacture the drug substance for all of our product candidates at our manufacturing facility. We intend to build on our technology platforms, methods and know-how that together comprise our capabilities in order to expand our product pipeline. Our goal is to file one or more new investigational new drug applications, or INDs, annually for the next several years.

Risk Factors

Investing in our common stock involves substantial risk. You should carefully consider all of the information in this prospectus prior to investing in our common stock. There are numerous risk factors related to our business that are described under “Risk Factors” and elsewhere in this prospectus. Among these important risks are the following:

- our clinical trials may not be successful, and clinical results may not reflect results seen in previously conducted pre-clinical studies;

- we do not have adequate funding to complete development in some areas, and may be unable to access additional capital on reasonable terms or at all to complete development and begin commercialization of our product candidates;

- our current or future collaborators may not adequately support development in designated areas, or they may elect to change their strategic or business priorities, and these changes may have an adverse impact on us, our development plans, or our business;

- we may encounter unexpected regulatory changes that delay or impede our development and commercialization efforts;

- we may not be able to obtain adequate protection for the intellectual property covering our product candidates or develop and commercialize our product candidates without infringing on the intellectual property rights of third parties;

- product reimbursement may be challenging for us due to recent and proposed changes in healthcare law;

- we may encounter manufacturing and distribution challenges; and
- we may be unable to recruit or retain well qualified personnel who are necessary for us to conduct our business.

Our Corporate Information

We were incorporated under the laws of the state of Delaware in 2000 under the name MacroGenics, Inc. Our principal executive offices are located at 9640 Medical Center Drive, Rockville, Maryland 20850 and our telephone number is (301) 251-5172. Our website address is www.macrogenics.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

DART®, the phrase “Breakthrough Biologics, Life-Changing Medicines” and the MacroGenics logo are our registered trademarks. The other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners.

THE OFFERING

Common stock offered by us	4,000,000 shares
Over-allotment option	600,000 shares
Common stock to be outstanding after this offering	23,021,725 shares
Use of proceeds	We intend to use the net proceeds of this offering, combined with our current cash and cash equivalents and anticipated collaboration payments, to fund approximately $70 million of clinical development expenses for margetuximab and MGA271; approximately $30 million to fund research and development expenses to advance our remaining product candidates, including MGD006, MGD007 and MGD010; and the remainder for working capital and general corporate purposes, which may include other research and development programs, in-licensing or acquiring other products or technologies. See "Use of Proceeds."
Risk factors	See "Risk Factors" and the other information included in this prospectus for a discussion of factors you should consider carefully before investing in shares of our common stock.
Proposed NASDAQ Global Select Market symbol	"MGNX"

The number of shares of our common stock to be outstanding after this offering is based on 2,032,712 shares of our common stock outstanding as of August 31, 2013 and excludes:

- 2,898,753 shares of common stock issuable upon the exercise of outstanding options to issue common stock, as of August 31, 2013, at a weighted average exercise price of $1.28 per share; and
- 78,480 shares of common stock reserved for future grant or issuance under our stock option plans, as of August 31, 2013.

Unless otherwise indicated, all information in this prospectus reflects and assumes:

- the automatic conversion of all outstanding shares of our convertible preferred stock into 16,955,790 shares of common stock upon the closing of this offering;
- 33,223 shares of common stock issuable upon the net issue exercise of outstanding Series D-2 preferred stock warrants, as of August 31, 2013, at a weighted average exercise price of $12.24 (in the event that all outstanding warrants are exercised on a cash basis, shares of common stock issuable upon exercise of the warrants would be 180,784);
- no exercise by the underwriters of their option to purchase up to 600,000 additional shares of common stock;
- a 1-for-18.7739 reverse split of our common stock effected on September 26, 2013; and
- the filing of our amended and restated certificate of incorporation immediately after the completion of this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial data for the periods presented and should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes appearing elsewhere in this prospectus. The consolidated statements of operations and comprehensive income (loss) data for the years ended December 31, 2011 and 2012 included in this prospectus have been derived from our audited consolidated financial statements and footnotes included elsewhere in this prospectus. The following summary consolidated statements of operations and comprehensive income (loss) data for the six months ended June 30, 2012 and 2013 and the balance sheet data as of June 30, 2013 have been derived from our unaudited consolidated financial statements and footnotes included elsewhere in this prospectus. We have prepared the unaudited consolidated financial statements on the same basis as the audited consolidated financial statements and have included all adjustments, consisting only of normal recurring adjustments, which in our opinion are necessary to state fairly the financial information set forth in those statements. Our historical results are not necessarily indicative of the results we expect in the future, and our interim results should not necessarily be considered indicative of results we expect for the full year.

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
			(unaudited)	
	(in thousands, except share and per share data)			
Consolidated Statements of Operations and Comprehensive Income (loss):				
Total revenues	$ 57,207	$ 63,826	$ 37,946	$ 22,896
Costs and expenses:				
Research and development	41,089	45,433	24,957	21,146
General and administrative	10,868	10,188	5,126	5,336
Total costs and expenses	51,957	55,621	30,083	26,482
Income (loss) from operations	5,250	8,205	7,863	(3,586)
Other income (expense):				
Interest income (expense)	8	6	3	(2)
Other income (expense)	1,459	151	—	(72)
Total other income (expense)	1,467	157	3	(74)
Net comprehensive income (loss)	$ 6,717	$ 8,362	$ 7,866	$ (3,660)
Basic net income (loss) per common share	$ —	$ —	$ 0.03	$ (3.00)
Diluted net income (loss) per common share	$ —	$ —	$ 0.00	$ (3.00)
Basic weighted average number of common shares	1,025,602	1,083,286	1,070,985	1,184,507
Diluted weighted average number of common shares	1,025,602	1,083,286	21,367,567	1,184,507
Pro forma basic net income (loss) per common share (1)		$ 0.38		$ (0.19)
Pro forma diluted net income (loss) per common share (1)		$ 0.38		$ (0.19)
Pro forma basic weighted average number of common shares		18,039,142		18,140,363
Pro forma diluted weighted average number of common shares		21,473,689		18,140,363

	Six Months Ended June 30, 2013		
	Actual	Pro Forma(2)	Pro Forma As Adjusted(3)
		(unaudited) (in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 33,781	$ 33,781	$ 87,781
Total assets	42,183	42,183	97,983
Deferred revenue	37,308	37,308	37,308
Convertible preferred stock	2,947	—	—
Total stockholders' equity (deficit)	(10,930)	(10,930)	43,070

(1) The pro forma basic and diluted net income (loss) per share reflects the issuance of common stock upon the automatic conversion of all outstanding shares of our preferred stock upon the closing of this offering, assuming all such shares of preferred stock had been converted to common stock for all periods in which such shares of preferred stock were outstanding.

(2) Pro forma consolidated balance sheet data give effect to the automatic conversion of all outstanding shares of preferred stock into an aggregate of 16,955,790 shares of common stock upon the closing of this offering and the net issue exercise of Series D-2 preferred stock warrants into an aggregate of 33,223 shares of common stock (in the event that all outstanding warrants are exercised on a cash basis, shares of common stock issuable upon exercise of the warrants would be 180,784 and the Company would receive additional cash proceeds of approximately $2.2 million).

(3) Pro forma as adjusted consolidated balance sheet data give additional effect to the issuance of 4,000,000 shares of common stock at an initial offering price of $15.00 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. A $1.00 increase or decrease in the assumed initial public offering price of $15.00 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase or decrease total stockholders' equity (deficit) and total capitalization on a pro forma as adjusted basis by approximately $3.7 million, assuming that the number of shares offered, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the following risk factors, as well as the other information in this prospectus, before you decide to purchase our common stock. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Business and the Development and Commercialization of Our Product Candidates.

All of our product candidates are in pre-clinical or clinical development. Clinical drug development is expensive, time consuming and uncertain and we may ultimately not be able to obtain regulatory approvals for the commercialization of some or all of our product candidates.

The research, testing, manufacturing, labeling, approval, selling, marketing and distribution of drug products are subject to extensive regulation by the U.S. Food and Drug Administration, or FDA, and non-U.S. regulatory authorities, which regulations differ from country to country. We are not permitted to market our product candidates in the United States or in other countries until we receive approval of a Biologics License Application, or BLA, from the FDA or marketing approval from applicable regulatory authorities outside the United States. Our product candidates are in various stages of development and are subject to the risks of failure inherent in drug development. We have not submitted an application for or received marketing approval for any of our product candidates. We have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA. Obtaining approval of a BLA can be a lengthy, expensive and uncertain process. In addition, failure to comply with FDA and non-U.S. regulatory requirements may, either before or after product approval, if any, subject our company to administrative or judicially imposed sanctions, including:

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

The FDA and foreign regulatory authorities also have substantial discretion in the drug approval process. The number of pre-clinical studies and clinical trials that will be required for regulatory approval varies

depending on the product candidate, the disease or condition that the product candidate is designed to address, and the regulations applicable to any particular drug candidate. Regulatory agencies can delay, limit or deny approval of a product candidate for many reasons, including:

- a product candidate may not be deemed safe or effective;
- the results may not confirm the positive results from earlier pre-clinical studies or clinical trials;
- regulatory agencies may not find the data from pre-clinical studies and clinical trials sufficient;
- regulatory agencies might not approve or might require changes to our manufacturing processes or facilities; or
- regulatory agencies may change their approval policies or adopt new regulations.

Any delay in obtaining or failure to obtain required approvals could materially adversely affect our ability to generate revenue from the particular product candidate, which likely would result in significant harm to our financial position and adversely impact our stock price. Furthermore, any regulatory approval to market a product may be subject to limitations on the indicated uses for which we may market the product. These limitations may limit the size of the market for the product.

If clinical trials for our product candidates are prolonged, delayed or stopped, we may be unable to obtain regulatory approval and commercialize our product candidates on a timely basis, which would require us to incur additional costs and delay our receipt of any product revenue.

We are currently enrolling a Phase 2a clinical trial of margetuximab in patients with metastatic breast cancer and anticipate commencing a Phase 3 potential registration clinical trial of margetuximab in advanced gastroesophageal cancer in the second half of 2014. We have initiated a Phase 1 clinical trial of MGA271 that we expect to complete by the end of 2014. We expect to commence a Phase 1 clinical trial of MGD006 in the first half of 2014 and expect to commence a Phase 1 clinical trial of MGD007 in the second half of 2014. The commencement of these planned clinical trials could be substantially delayed or prevented by several factors, including:

- further discussions with the FDA or other regulatory agencies regarding the scope or design of our clinical trials;
- the limited number of, and competition for, suitable sites to conduct our clinical trials, many of which may already be engaged in other clinical trial programs, including some that may be for the same indication as our product candidates;
- any delay or failure to obtain regulatory approval or agreement to commence a clinical trial in any of the countries where enrollment is planned;
- inability to obtain sufficient funds required for a clinical trial;
- clinical holds on, or other regulatory objections to, a new or ongoing clinical trial;
- delay or failure to manufacture sufficient supplies of the product candidate for our clinical trials;
- delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or clinical research organizations, or CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different sites or CROs; and

- delay or failure to obtain institutional review board, or IRB, approval to conduct a clinical trial at a prospective site.

The completion of our clinical trials could also be substantially delayed or prevented by several factors, including:

- slower than expected rates of patient recruitment and enrollment;
- failure of patients to complete the clinical trial;
- unforeseen safety issues, including severe or unexpected drug-related adverse effects experienced by patients, including possible deaths;
- lack of efficacy during clinical trials;
- termination of our clinical trials by one or more clinical trial sites;
- inability or unwillingness of patients or clinical investigators to follow our clinical trial protocols;
- inability to monitor patients adequately during or after treatment by us and/or our CROs; and
- the need to repeat or terminate clinical trials as a result of inconclusive or negative results or unforeseen complications in testing.

Changes in regulatory requirements and guidance may also occur and we may need to significantly amend clinical trial protocols to reflect these changes with appropriate regulatory authorities. Amendments may require us to renegotiate terms with CROs or resubmit clinical trial protocols to IRBs for re-examination, which may impact the costs, timing or successful completion of a clinical trial. Our clinical trials may be suspended or terminated at any time by the FDA, other regulatory authorities, the IRB overseeing the clinical trial at issue, any of our clinical trial sites with respect to that site, or us, due to a number of factors, including:

- failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols;
- unforeseen safety issues or any determination that a clinical trial presents unacceptable health risks;
- lack of adequate funding to continue the clinical trial due to unforeseen costs or other business decisions; and
- upon a breach or pursuant to the terms of any agreement with, or for any other reason by, current or future collaborators that have responsibility for the clinical development of any of our product candidates.

Any failure or significant delay in completing clinical trials for our product candidates would adversely affect our ability to obtain regulatory approval and our commercial prospects and ability to generate product revenue will be diminished.

The results of previous clinical trials may not be predictive of future results, and the results of our current and planned clinical trials may not satisfy the requirements of the FDA or non-U.S. regulatory authorities.

We currently have no products approved for sale and we cannot guarantee that we will ever have marketable products. Clinical failure can occur at any stage of clinical development. Clinical trials may produce

negative or inconclusive results, and we or any of our current and future collaborators may decide, or regulators may require us, to conduct additional clinical or pre-clinical testing. We will be required to demonstrate with substantial evidence through well-controlled clinical trials that our product candidates are safe and effective for use in a diverse population before we can seek regulatory approvals for their commercial sale. Success in early clinical trials does not mean that future larger registration clinical trials will be successful because product candidates in later-stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA and non-U.S. regulatory authorities despite having progressed through initial clinical trials. Product candidates that have shown promising results in early clinical trials may still suffer significant setbacks in subsequent registration clinical trials. Similarly, the outcome of pre-clinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical industry, including those with greater resources and experience than us, have suffered significant setbacks in advanced clinical trials, even after obtaining promising results in earlier clinical trials. For example, although early stage trials of our product candidate teplizumab were promising, it did not meet its primary efficacy endpoint in a Phase 3 clinical trial and our collaboration with Eli Lilly & Co., or Eli Lilly, was subsequently terminated.

In addition, the design of a clinical trial can determine whether its results will support approval of a product and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. We may be unable to design and execute a clinical trial to support regulatory approval.

In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial protocols, differences in size and type of the patient populations, adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. We do not know whether any Phase 2, Phase 3 or other clinical trials we or any of our collaborators may conduct will demonstrate consistent or adequate efficacy and safety to obtain regulatory approval to market our product candidates.

Further, our product candidates may not be approved even if they achieve their primary endpoints in Phase 3 clinical trials or registration trials. The FDA or other non-U.S. regulatory authorities may disagree with our trial design and our interpretation of data from pre-clinical studies and clinical trials. In addition, any of these regulatory authorities may change requirements for the approval of a product candidate even after reviewing and providing comments or advice on a protocol for a pivotal Phase 3 clinical trial that has the potential to result in FDA or other agencies' approval. In addition, any of these regulatory authorities may also approve a product candidate for fewer or more limited indications than we request or may grant approval contingent on the performance of costly post-marketing clinical trials. The FDA or other non-U.S. regulatory authorities may not approve the labeling claims that we believe would be necessary or desirable for the successful commercialization of our product candidates.

We use new technologies in the development of our product candidates and the FDA and other regulatory authorities have not approved products that utilize these technologies.

Our products in development are based on new technologies, such as Fc Optimization, bi-specific DARTs and CSLCs. Given the complexity of our technologies, we intend to work closely with FDA and other regulatory authorities to perform the requisite scientific analyses and evaluation of our methods to obtain regulatory approval for our product candidates. It is possible that the validation process may take time and resources, require independent third-party analyses or not be accepted by the FDA and other regulatory authorities. For some of our product candidates that are based on these technology platforms, the regulatory approval path and requirements may not be clear, which could add significant delay and expense. Delays or failure to obtain regulatory approval of any of the products that we develop would adversely affect our business.

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

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

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

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

Even if we obtain FDA approval of any of our product candidates, we may never obtain approval or commercialize our products outside of the United States, which would limit our ability to realize their full market potential.

In order to market any products outside of the United States, we must establish and comply with numerous and varying regulatory requirements of other countries regarding safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approvals could result in significant delays, difficulties and costs for us and may require additional pre-clinical studies or clinical trials which would be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. Satisfying these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. In addition, our failure to obtain regulatory approval in any country may delay or have negative effects on the process for regulatory approval in other countries. We do not have any product candidates approved for sale in any jurisdiction, including international markets, and we do not have experience in obtaining regulatory approval in international markets. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, our target market will be reduced and our ability to realize the full market potential of our products will be harmed.

We are seeking fast-track designation of margetuximab and may seek fast track designation for some of our other product candidates. There is no assurance that the FDA will grant such designation and, even if it does grant fast track designation to margetuximab or one of our other product candidates, that designation may not actually lead to a faster development or regulatory review or approval process and it does not increase the likelihood that our product candidates will receive marketing approval in the United States.

We are seeking fast-track designation of margetuximab and may seek fast track designation and review for some of our other product candidates. If a drug is intended for the treatment of a serious or life-threatening condition or disease, the drug sponsor may apply for FDA fast track designation. The FDA has broad discretion whether or not to grant this designation, so even if we believe a particular product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Moreover, even if we do receive fast track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. In addition, the FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from our clinical development program.

We may seek breakthrough therapy designation by the FDA for any of our product candidates but that is not assured and may not, in any event, lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that our product candidates will receive marketing approval in the United States.

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

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

We may be unable to obtain orphan product designation or exclusivity for some or all of our product candidates. If our competitors are able to obtain orphan product exclusivity for their products that are the same as our product candidates, we may not be able to have competing products approved by the applicable regulatory authority for a significant period of time.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, FDA may designate a product candidate as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States.

Generally, if a product candidate with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the EMA or the FDA from approving another marketing application for

the same drug for that time period. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a product no longer meets the criteria for orphan drug designation or if the product is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition.

Even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs can be approved for the same condition. In the United States, even after an orphan drug is approved, the FDA can subsequently approve the same drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care.

Our product candidates may have undesirable side effects which may delay or prevent marketing approval, or, if approval is received, require them to be taken off the market, require them to include safety warnings or otherwise limit their sales.

Although all of our product candidates have undergone or will undergo safety testing, not all adverse effects of drugs can be predicted or anticipated. Unforeseen side effects from any of our product candidates could arise either during clinical development or, if approved by regulatory authorities, after the approved product has been marketed. All of our product candidates are still in clinical or pre-clinical development. While our clinical trials for our initial product candidates to date have demonstrated a favorable safety profile, the results from future trials may not support this conclusion. The results of future clinical trials may show that our product candidates cause undesirable or unacceptable side effects, which could interrupt, delay or halt clinical trials, and result in delay of, or failure to obtain, marketing approval from the FDA and other regulatory authorities, or result in marketing approval from the FDA and other regulatory authorities with restrictive label warnings or potential product liability claims.

If any of our product candidates receives marketing approval and we or others later identify undesirable or unacceptable side effects caused by such products:

- regulatory authorities may require us to take our approved product off the market;
- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- we may be required to change 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 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, our collaborators 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 our products.

Even if approved, if any of our product candidates do not achieve broad market acceptance among physicians, patients, the medical community, and third-party payors our revenue generated from their sales will be limited.

The commercial success of our product candidates will depend upon their acceptance among physicians, patients and the medical community. The degree of market acceptance of our product candidates will depend on a number of factors, including:

- limitations or warnings contained in the approved labeling for a product candidate;
- changes in the standard of care for the targeted indications for any of our product candidates;
- limitations in the approved clinical indications for our product candidates;
- demonstrated clinical safety and efficacy compared to other products;
- lack of significant adverse side effects;
- sales, marketing and distribution support;
- availability and extent of reimbursement from managed care plans and other third-party payors;
- timing of market introduction and perceived effectiveness of competitive products;
- the degree of cost-effectiveness of our product candidates;
- availability of alternative therapies at similar or lower cost, including generic and over-the-counter products;
- the extent to which the product candidate is approved for inclusion on formularies of hospitals and managed care organizations;
- whether the product is designated under physician treatment guidelines as a first-line therapy or as a second- or third-line therapy for particular diseases;
- adverse publicity about our product candidates or favorable publicity about competitive products;
- convenience and ease of administration of our products; and
- potential product liability claims.

If any of our product candidates are approved, but do not achieve an adequate level of acceptance by physicians, patients and the medical community, we may not generate sufficient revenue from these products, and we may not become or remain profitable. In addition, efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources and may never be successful.

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

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

- The process of manufacturing biologics, such as margetuximab, MGA271, and our other product candidates, is extremely susceptible to product loss due to contamination, equipment failure or improper installation or operation of equipment, vendor or operator error, contamination and inconsistency in yields, variability in product characteristics, and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our product candidates or in the manufacturing facilities in which our product candidates are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

- The manufacturing facilities in which our product candidates are made could be adversely affected by equipment failures, labor shortages, natural disasters, power failures and numerous other factors.

- We must comply with the FDA's current Good Manufacturing Practice, or cGMP, regulations and guidelines. We may encounter difficulties in achieving quality control and quality assurance and may experience shortages in qualified personnel. We are subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm compliance with applicable regulatory requirements. Any failure to follow cGMP or other regulatory requirements or delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our product candidates as a result of a failure of our facilities or the facilities or operations of third parties to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair our ability to develop and commercialize our product candidates, including leading to significant delays in the availability of drug product for our clinical trials or the termination or hold on a clinical trial, or the delay or prevention of a filing or approval of marketing applications for our product candidates. Significant noncompliance could also result in the imposition of sanctions, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approvals for our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could damage our reputation. If we are not able to maintain regulatory compliance, we may not be permitted to market our product candidates and/or may be subject to product recalls, seizures, injunctions, or criminal prosecution.

- Any adverse developments affecting manufacturing operations for our product candidates, if any are approved, may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives.

We currently have no marketing, sales or distribution infrastructure. If we are unable to develop sales, marketing and distribution capabilities on our own or through collaborations, we will not be successful in commercializing our product candidates.

We currently have no marketing, sales and distribution capabilities and we have no sales or marketing experience within our organization. If any of our product candidates are approved, we intend either to establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize our product candidates, or to outsource this function to a third party. Either of these options would

be expensive and time consuming. These costs may be incurred in advance of any approval of our product candidates. In addition, we may not be able to hire a sales force in the United States that is sufficient in size or has adequate expertise in the medical markets that we intend to target. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of our products.

With respect to certain of our existing and future product candidates, we have entered into collaboration or other licensing arrangements with third party collaborators that have direct sales forces and established distribution systems. To the extent that we enter into additional collaboration agreements, our product revenue may be lower than if we directly marketed or sold any approved products. In addition, any revenue we receive will depend in whole or in part upon the efforts of these third party collaborators, which may not be successful and are generally not within our control. 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.

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

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

Specifically, there are a large number of companies developing or marketing treatments for cancer and autoimmune disorders, including many major pharmaceutical and biotechnology companies. These treatments consist both of small molecule drug products, as well as biologic therapeutics that work by using next-generation antibody technology platforms to address specific cancer targets. In addition, several companies are developing therapeutics that work by targeting multiple specificities using a single recombinant molecule. Amgen, Inc., or Amgen, is in late-stage clinical development of cancer product candidates which work by targeting antigens both on immune effector cell populations and those expressed on certain cancer cells. In addition, other companies are developing new treatments for cancer and autoimmune diseases that enhance the Fc regions of antibodies to create more potent antibodies, including F. Hoffmann-La Roche Ltd., or Roche, and Xencor, Inc.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third party payors seeking to encourage the

use of biosimilar products. Biosimilar products are expected to become available over the coming years. For example, certain HER2 biosimilar products may be approved prior to margetuximab. Even if our product candidates achieve marketing approval, they may be priced at a significant premium over competitive biosimilar products if any have been approved by then.

The Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Affordability Reconciliation Act, or collectively, ACA created a new regulatory scheme authorizing the FDA to approve biosimilars. Under the ACA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biological product or "reference product." Under this new statutory scheme, an application for a biosimilar product may not be submitted to the FDA until four years following approval of the reference product. The FDA may not approve a biosimilar product until 12 years from the date on which the reference product was approved. Even if a product is considered to be a reference product eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full BLA for such product containing the sponsor's own pre-clinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. Furthermore, recent legislation has proposed that the 12 year exclusivity period for each a reference product may be reduced to seven years.

Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. In addition, the biopharmaceutical industry is characterized by rapid technological change. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

Reimbursement decisions by third-party payors may have an adverse effect on pricing and market acceptance. If there is not sufficient reimbursement for our products, it is less likely that our products will be widely used.

Even if our product candidates are approved for sale by the appropriate regulatory authorities, market acceptance and sales of these products will depend on reimbursement policies and may be affected by future healthcare reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which drugs they will reimburse and establish payment levels. We cannot be certain that reimbursement will be available for any products that we develop. Also, we cannot be certain that reimbursement policies will not reduce the demand for, or the price paid for, our products. If reimbursement is not available or is available on a limited basis, we may not be able to successfully commercialize any of our approved products.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, also called the Medicare Modernization Act, or MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation established Medicare Part D, which expanded Medicare coverage for outpatient prescription drug purchases by the elderly but provided authority for limiting the number of drugs that will be covered in any therapeutic class. The MMA also introduced a new reimbursement methodology based on average sales prices for physician-administered drugs.

The United States and several foreign jurisdictions are considering, or have already enacted, a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell any of our future approved products profitably. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access to healthcare. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major

legislative initiatives. We expect to experience pricing pressures in connection with the sale of any products that we develop, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative proposals.

In March 2010, the ACA became law in the United States. The goal of ACA is to reduce the cost of health care and substantially change the way health care is financed by both governmental and private insurers. While we cannot predict what impact on federal reimbursement policies this legislation will have in general or on our business specifically, the ACA may result in downward pressure on pharmaceutical reimbursement, which could negatively affect market acceptance of, and the price we may charge for, any products we develop that receive regulatory approval. We also cannot predict the impact of ACA on our business or financial condition as many of the ACA reforms require the promulgation of detailed regulations implementing the statutory provisions, which has not yet occurred.

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

We face an inherent risk of product liability lawsuits related to the testing of our product candidates in seriously ill patients, and will face an even greater risk if product candidates are approved by regulatory authorities and introduced commercially. Product liability claims may be brought against us or our collaborators by participants enrolled in our clinical trials, patients, health care providers or others using, administering or selling any of our future approved products. If we cannot successfully defend ourselves against any such claims, we may incur substantial liabilities. Regardless of their merit or eventual outcome, liability claims may result in:

- decreased demand for our future approved products;
- injury to our reputation;
- withdrawal of clinical trial participants;
- termination of clinical trial sites or entire trial programs;
- increased regulatory scrutiny;
- significant litigation costs;
- substantial monetary awards to or costly settlement with patients or other claimants;
- product recalls or a change in the indications for which they may be used;
- loss of revenue;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize our product candidates.

If any of our product candidates are approved for commercial sale, we will be highly dependent upon consumer perceptions of us and the safety and quality of our products. We could be adversely affected if we are subject to negative publicity. We could also be adversely affected if any of our products or any similar products distributed by other companies prove to be, or are asserted to be, harmful to patients. Because of our dependence upon consumer perceptions, any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of our products or any similar products distributed by other companies could have a material adverse impact on our financial condition or results of operations.

We currently hold $15 million in product liability insurance coverage in the aggregate, with a per incident limit of $15 million, which may not be adequate to cover all liabilities that we may incur. We may need to increase our insurance coverage when we begin the commercialization of our product candidates. Insurance coverage is becoming increasingly expensive. As a result, we may be unable to maintain or obtain sufficient insurance at a reasonable cost to protect us against losses that could have a material adverse effect on our business. A successful product liability claim or series of claims brought against us, particularly if judgments exceed any insurance coverage we may have, could decrease our cash resources and adversely affect our business, financial condition and results of operation.

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

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

- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- differing regulatory requirements for drug approvals in foreign countries;
- potentially reduced protection for intellectual property rights;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers;
- changes in non-U.S. currency exchange rates and currency controls;
- changes in a specific country’s or region’s political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or non-U.S. governments;
- negative consequences from changes in tax laws;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing foreign operations, including differing labor relations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant losses since inception and anticipate that we will continue to incur losses for the foreseeable future. We have no products approved for commercial sale, and to date we have not generated any revenue or profit from product sales. We may never achieve or sustain profitability.

We are a clinical-stage biopharmaceutical company. We have incurred significant losses since our inception. As of June 30, 2013, our accumulated deficit was approximately $179.1 million. We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue our research and development of, and seek regulatory approvals for, our product candidates, prepare for and begin to commercialize any approved products, and add infrastructure and personnel to support our product development efforts and operations as a public company. The net losses and negative cash flows incurred to date, together with expected future losses, have had, and likely will continue to have, an adverse effect on our stockholders' deficit and working capital. The amount of future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. For example, our expenses could increase if we are required by the FDA, to perform trials in addition to those that we currently expect to perform, or if there are any delays in completing our currently planned clinical trials or in the development of any of our product candidates.

To become and remain profitable, we must succeed in developing and commercializing products with significant market potential. This will require us to be successful in a range of challenging activities for which we are only in the preliminary stages, including developing product candidates, obtaining regulatory approval for them, and manufacturing, marketing and selling those products for which we may obtain regulatory approval. We may never succeed in these activities and may never generate revenue from product sales that is significant enough to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become or remain profitable would depress our market value and could impair our ability to raise capital, expand our business, develop other product candidates, or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, scale back, or cease our product development programs or operations.

We are advancing our product candidates through clinical development. Developing pharmaceutical products, including conducting pre-clinical studies and clinical trials, is expensive. In order to obtain such regulatory approval, we will be required to conduct clinical trials for each indication for each of our product candidates. We will continue to require additional funding beyond this contemplated offering to complete the development and commercialization of our product candidates and to continue to advance the development of our other product candidates, and such funding may not be available on acceptable terms or at all. Although it is difficult to predict our liquidity requirements, based upon our current operating plan, we anticipate that the net proceeds from this offering, together with our existing cash and cash equivalents and a significant portion of the $100 million in collaboration payments we anticipate receiving through 2015, will enable us to fund the clinical development of margetuximab, MGA271, MGD006, MGD007 and MGD010 through 2015, assuming all of our collaboration programs advance as currently contemplated. Because successful development of our product candidates is uncertain, we are unable to estimate the actual funds we will require to complete research and development and to commercialize our product candidates.

Our future funding requirements will depend on many factors, including but not limited to:

- the number and characteristics of other product candidates that we pursue;

- the scope, progress, timing, cost and results of research, pre-clinical development, and clinical trials;
- the costs, timing and outcome of seeking and obtaining FDA and non-U.S. regulatory approvals;
- the costs associated with manufacturing our product candidates and establishing sales, marketing, and distribution capabilities;
- our ability to maintain, expand, and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make in connection with the licensing, filing, defense and enforcement of any patents or other intellectual property rights;
- our need and ability to hire additional management, scientific, and medical personnel;
- the effect of competing products that may limit market penetration of our product candidates;
- our need to implement additional internal systems and infrastructure, including financial and reporting systems; and
- the economic and other terms, timing of and success of our existing collaborations, and any collaboration, licensing, or other arrangements into which we may enter in the future, including the timing of receipt of any milestone or royalty payments under these agreements.

Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through a combination of public or private equity offerings, debt financings, strategic collaborations, and grant funding. If sufficient funds on acceptable terms are not available when needed, or at all, we could be forced to significantly reduce operating expenses and delay, scale back or eliminate one or more of our development programs or our business operations.

Raising additional capital may cause dilution to our stockholders, including purchasers of common stock in this offering, restrict our operations or require us to relinquish substantial rights.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these new securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing, if available at all, may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise additional funds through collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, product candidates, or future revenue streams, or grant licenses on terms that are not favorable to us. We cannot assure you that we will be able to obtain additional funding if and when necessary. If we are unable to obtain adequate financing on a timely basis, we could be required to delay, scale back or eliminate one or more of our development programs or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Risks Related to Our Dependence on Third Parties

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

We have limited capabilities for drug development and do not yet have any capability for sales, marketing or distribution. Accordingly, we have entered into collaborations with other companies that we believe can provide such capabilities, including our collaboration and license agreements with Servier, Gilead, Boehringer, Pfizer and Green Cross Corp., or Green Cross. These collaborations also have provided us with important funding for our development programs and technology platforms and we expect to receive additional funding under these collaborations in the future. Our existing therapeutic collaborations, and any future collaborations we enter into, may pose a number of risks, including the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not perform their obligations as expected;
- collaborators may not pursue development and commercialization of any product candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- product candidates discovered in collaboration with us may be viewed by our collaborators as competitive with their own product candidates or products, which may cause collaborators to cease to devote resources to the commercialization of our product candidates;
- a collaborator with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such product or products;
- disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
- collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential litigation;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability; and

- collaborations may be terminated for the convenience of the collaborator and, if terminated, we could be required to raise additional capital to pursue further development or commercialization of the applicable product candidates. For example, each of our collaboration and license agreements with Servier, Gilead, and Boehringer may be terminated for convenience upon the completion of a specified notice period.

If our therapeutic collaborations do not result in the successful development and commercialization of products or if one of our collaborators terminates its agreement with us, we may not receive any future research funding or milestone or royalty payments under the collaboration. If we do not receive the funding we expect under these agreements, our development of our technology platforms and product candidates could be delayed and we may need additional resources to develop product candidates and our technology platforms. All of the risks relating to product development, regulatory approval and commercialization described in this prospectus also apply to the activities of our program collaborators.

Additionally, subject to its contractual obligations to us, if one of our collaborators is involved in a business combination, the collaborator might deemphasize or terminate the development or commercialization of any product candidate licensed to it by us. If one of our collaborators terminates its agreement with us, we may find it more difficult to attract new collaborators.

For some of our product candidates, we may in the future determine to collaborate with additional pharmaceutical and biotechnology companies for development and potential commercialization of therapeutic products. We face significant competition in seeking appropriate collaborators. Our ability to reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. These factors may include the design or results of clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the United States, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate.

Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market or continue to develop our technology platforms and our business may be materially and adversely affected.

We may also be restricted under existing collaboration agreements from entering into future agreements on certain terms with potential collaborators. Aside from our agreement with Green Cross, subject to certain specified exceptions, each of our existing therapeutic collaborations contains a restriction on our engaging in activities that are the subject of the collaboration with third parties for specified periods of time.

Independent clinical investigators and CROs that we engage to conduct our clinical trials may not devote sufficient time or attention to our clinical trials or be able to repeat their past success.

We expect to continue to depend on independent clinical investigators and CROs to conduct our clinical trials. CROs may also assist us in the collection and analysis of data. There is a limited number of third-party service providers that specialize or have the expertise required to achieve our business objectives. Identifying, qualifying and managing performance of third-party service providers can be difficult, time consuming and cause delays in our development programs. These investigators and CROs will not be our employees and we will not be able to control, other than by contract, the amount of resources, including time, which they devote to our product candidates and clinical trials. If independent investigators or CROs fail to devote sufficient resources to the development of our product candidates, or if their performance is substandard, it may delay or compromise the prospects for approval and commercialization of any product candidates that we develop. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated. Further, the FDA requires that we comply with standards, commonly referred to as current Good Clinical Practice, or cGCP, for conducting, recording and reporting clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial subjects are protected. Failure of clinical investigators or CROs to meet their obligations to us or comply with cGCP procedures could adversely affect the clinical development of our product candidates and harm our business.

Failure of our third party contractors to successfully develop and commercialize companion diagnostics for use with our product candidates could harm our ability to commercialize our product candidates.

We plan to develop companion diagnostics for our product candidates. Companion diagnostics are used to identify patients who could potentially benefit from our therapeutic product candidates. We expect that, at least in some cases, the FDA and similar regulatory authorities outside the United States may require the development and regulatory approval of a companion diagnostic as a condition to approving our product candidates. We do not have experience or capabilities in developing or commercializing diagnostics and plan to rely in large part on third parties to perform these functions.

We plan to outsource the development, production and commercialization of companion diagnostics to third parties. By outsourcing these companion diagnostics to third parties, we become dependent on the efforts of our third party contractors to successfully develop and commercialize these companion diagnostics. Our contractors:

- may not perform their obligations as expected;
- may encounter production difficulties that could constrain the supply of the companion diagnostic;
- may have difficulties gaining acceptance of the use of the companion diagnostic in the clinical community;
- may not commit sufficient resources to the marketing and distribution of such product; and
- may terminate their relationship with us.

If any companion diagnostic for use with one of our product candidates fails to gain market acceptance, our ability to derive revenues from sales of such product candidate could be harmed. If our third party contractors fail to commercialize such companion diagnostic, we may not be able to enter into arrangements with another diagnostic company to obtain supplies of an alternative diagnostic test for use in connection with such product candidate or do so on commercially reasonable terms, which could adversely affect and delay the development or commercialization of such product candidate.

We expect to contract with third parties for the manufacture of our product candidates for clinical testing in the future and expect to continue to do so for commercialization. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We currently have a manufacturing facility located in Rockville, Maryland. We manufacture drug substance at this facility that we use for research and development purposes and for clinical trials of our product candidates. We currently have capacity to produce Phase 2 material for our antibody product candidates and all clinical and commercial material for our DART therapeutics, but our current facility will be insufficient to support our needs for our Phase 3 clinical trials for our antibody product candidates and for commercial quantities of such candidates. We do not have experience in manufacturing products at commercial scale.

We anticipate engagement of contract manufacturing organizations in 2014 to supplement our clinical supply and internal capacity as we advance pre-clinical product candidates into clinical development. We expect to use third parties for the manufacture of certain of our product candidates for clinical testing, as well as for commercial manufacture of some of our product candidates that receive marketing approval and that are not manufactured by one of our third party collaborators. We plan eventually to enter into long term supply agreements with several manufacturers for commercial supplies. We may be unable to reach agreement with any of these contract manufacturers, or to identify and reach arrangements on satisfactory terms with other contract manufacturers, to manufacture any of our product candidates. Additionally, the facilities used by any contract manufacturer to manufacture any of our product candidates must be the subject of a satisfactory inspection before the FDA and other regulatory authorities approve a BLA or marketing authorization for the product candidate manufactured at that facility. We will depend on these third-party manufacturing partners for compliance with the FDA's requirements for the manufacture of our finished products. If our manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA and other regulatory authorities' cGMP requirements, our product candidates will not be approved or, if already approved, may be subject to recalls.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured the product candidates ourselves, including:

- the possibility of a breach of the manufacturing agreements by the third parties because of factors beyond our control;
- the possibility of termination or nonrenewal of the agreements by the third parties before we are able to arrange for a qualified replacement third-party manufacturer; and
- the possibility that we may not be able to secure a manufacturer or manufacturing capacity in a timely manner and on satisfactory terms in order to meet our manufacturing needs.

Any of these factors could cause the delay of approval or commercialization of our product candidates, cause us to incur higher costs or prevent us from commercializing our product candidates successfully. Furthermore, if any of our product candidates are approved and contract manufacturers fail to deliver the required commercial quantities of finished product on a timely basis and at commercially reasonable prices, and we are unable to find one or more replacement manufacturers capable of production at a substantially equivalent cost, in substantially equivalent volumes and quality and on a timely basis, we would likely be unable to meet demand for our products and could lose potential revenue. It may take several years to establish an alternative source of supply for our product candidates and to have any such new source approved by the FDA or any other relevant regulatory authorities.

Risks Related to Our Intellectual Property

If we are unable to obtain and enforce patent protection for our product candidates and related technology, our business could be materially harmed.

Issued patents may be challenged, narrowed, invalidated or circumvented. In addition, court decisions may introduce uncertainty in the enforceability or scope of patents owned by biotechnology companies. The legal systems of certain countries do not favor the aggressive enforcement of patents, and the laws of foreign countries may not allow us to protect our inventions with patents to the same extent as the laws of the United States. Because patent applications in the United States and many foreign jurisdictions are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in scientific literature lag behind actual discoveries, we cannot be certain that we were the first to make the inventions claimed in our issued patents or pending patent applications, or that we were the first to file for protection of the inventions set forth in our patents or patent applications. As a result, we may not be able to obtain or maintain protection for certain inventions. Therefore, the enforceability and scope of our patents in the United States and in foreign countries cannot be predicted with certainty and, as a result, any patents that we own or license may not provide sufficient protection against competitors. We may not be able to obtain or maintain patent protection from our pending patent applications, from those we may file in the future, or from those we may license from third parties. Moreover, even if we are able to obtain patent protection, such patent protection may be of insufficient scope to achieve our business objectives.

Our strategy depends on our ability to identify and seek patent protection for our discoveries. This process is expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner or in all jurisdictions where protection may be commercially advantageous. Despite our efforts to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as proprietary. The issuance of a patent does not ensure that it is valid or enforceable, so even if we obtain patents, they may not be valid or enforceable against third parties. In addition, the issuance of a patent does not give us the right to practice the patented invention. Third parties may have blocking patents that could prevent us from marketing our own patented product and practicing our own patented technology. Third parties may also seek to market biosimilar versions of any approved products. Alternatively, third parties may seek approval to market their own products similar to or otherwise competitive with our products. In these circumstances, we may need to defend and/or assert our patents, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or agency with jurisdiction may find our patents invalid and/or unenforceable. Even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives.

The patent position of pharmaceutical or biotechnology companies, including ours, is generally uncertain and involves complex legal and factual considerations. The standards which the United States Patent and Trademark Office and its foreign counterparts use to grant patents are not always applied predictably or uniformly and can change. There is also no uniform, worldwide policy regarding the subject matter and scope of claims granted or allowable in pharmaceutical or biotechnology patents. The laws of some foreign countries do not protect proprietary information to the same extent as the laws of the United States, and many companies have encountered significant problems and costs in protecting their proprietary information in these foreign countries. Outside the United States, patent protection must be sought in individual jurisdictions, further adding to the cost and uncertainty of obtaining adequate patent protection outside of the United States. Accordingly, we cannot predict whether additional patents protecting our technology will issue in the United States or in foreign jurisdictions, or whether any patents that do issue will have claims of adequate scope to provide competitive advantage. Moreover, we cannot predict whether third parties will be able to successfully obtain claims or the breadth of such claims. The allowance of broader claims may increase the incidence and cost of patent interference proceedings, opposition proceedings, and/or reexamination proceedings, the risk of infringement litigation, and the vulnerability of the claims to challenge. On the other hand, the allowance of narrower claims

does not eliminate the potential for adversarial proceedings, and may fail to provide a competitive advantage. Our issued patents may not contain claims sufficiently broad to protect us against third parties with similar technologies or products, or provide us with any competitive advantage.

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

Even after they have issued, our patents and any patents which we license may be challenged, narrowed, invalidated or circumvented. If our patents are invalidated or otherwise limited or will expire prior to the commercialization of our product candidates, other companies may be better able to develop products that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition.

The following are examples of litigation and other adversarial proceedings or disputes that we could become a party to involving our patents or patents licensed to us:

- we or our collaborators may initiate litigation or other proceedings against third parties to enforce our patent rights;
- third parties may initiate litigation or other proceedings seeking to invalidate patents owned by or licensed to us or to obtain a declaratory judgment that their product or technology does not infringe our patents or patents licensed to us;
- third parties may initiate opposition or reexamination proceedings challenging the validity or scope of our patent rights, requiring us or our collaborators and/or licensors to participate in such proceedings to defend the validity and scope of our patents;
- there may be a challenge or dispute regarding inventorship or ownership of patents currently identified as being owned by or licensed to us;
- the U.S. Patent and Trademark Office may initiate an interference between patents or patent applications owned by or licensed to us and those of our competitors, requiring us or our collaborators and/or licensors to participate in an interference proceeding to determine the priority of invention, which could jeopardize our patent rights; or
- third parties may seek approval to market biosimilar versions of our future approved products prior to expiration of relevant patents owned by or licensed to us, requiring us to defend our patents, including by filing lawsuits alleging patent infringement.

These lawsuits and proceedings would be costly and could affect our results of operations and divert the attention of our managerial and scientific personnel. There is a risk that a court or administrative body would decide that our patents are invalid or not infringed by a third party's activities, or that the scope of certain issued claims must be further limited. An adverse outcome in a litigation or proceeding involving our own patents could limit our ability to assert our patents against these or other competitors, affect our ability to receive royalties or other licensing consideration from our licensees, and may curtail or preclude our ability to exclude third parties from making, using and selling similar or competitive products. Any of these occurrences could adversely affect our competitive business position, business prospects and financial condition.

The degree of future protection for our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage. For example:

- others may be able to develop a platform that is similar to, or better than, ours in a way that is not covered by the claims of our patents;
- others may be able to make compounds that are similar to our product candidates but that are not covered by the claims of our patents;
- we might not have been the first to make the inventions covered by patents or pending patent applications;
- we might not have been the first to file patent applications for these inventions;
- any patents that we obtain may not provide us with any competitive advantages or may ultimately be found invalid or unenforceable; or
- we may not develop additional proprietary technologies that are patentable.

Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties.

Our success will depend in part on our ability to operate without infringing the proprietary rights of third parties. Other entities may have or obtain patents or proprietary rights that could limit our ability to make, use, sell, offer for sale or import our future approved products or impair our competitive position. For example, certain patents held by third parties cover Fc engineering methods and mutations in Fc regions to enhance the binding of Fc regions to Fc receptors on immune cells. Although we believe that these patents are invalid, if they cover margetuximab or MGA271 and we are unable to invalidate their patents, or if licenses for them are not available on commercially reasonable terms, our business could be harmed, perhaps materially.

Patents that we may ultimately be found to infringe could be issued to third parties. Third parties may have or obtain valid and enforceable patents or proprietary rights that could block us from developing product candidates using our technology. Our failure to obtain a license to any technology that we require may materially harm our business, financial condition and results of operations. Moreover, our failure to maintain a license to any technology that we require may also materially harm our business, financial condition, and results of operations. Furthermore, we would be exposed to a threat of litigation. Invitrogen, Inc., for example, has asserted that we are required to obtain a license for use of a cell line.

In the pharmaceutical industry, significant litigation and other proceedings regarding patents, patent applications, trademarks and other intellectual property rights have become commonplace. The types of situations in which we may become a party to such litigation or proceedings include:

- we or our collaborators may initiate litigation or other proceedings against third parties seeking to invalidate the patents held by those third parties or to obtain a judgment that our products or processes do not infringe those third parties' patents;
- if our competitors file patent applications that claim technology also claimed by us or our licensors, we or our licensors may be required to participate in interference or opposition proceedings to determine the priority of invention, which could jeopardize our patent rights and potentially provide a third party with a dominant patent position;

- if third parties initiate litigation claiming that our processes or products infringe their patent or other intellectual property rights, we and our collaborators will need to defend against such proceedings; and

- if a license to necessary technology is terminated, the licensor may initiate litigation claiming that our processes or products infringe or misappropriate their patent or other intellectual property rights and/or that we breached our obligations under the license agreement, and we and our collaborators would need to defend against such proceedings.

These lawsuits would be costly and could affect our results of operations and divert the attention of our management and scientific personnel. There is a risk that a court would decide that we or our collaborators are infringing the third party's patents and would order us or our collaborators to stop the activities covered by the patents. In that event, we or our collaborators may not have a viable alternative to the technology protected by the patent and may need to halt work on the affected product candidate or cease commercialization of an approved product. In addition, there is a risk that a court will order us or our collaborators to pay the other party damages. An adverse outcome in any litigation or other proceeding could subject us to significant liabilities to third parties and require us to cease using the technology that is at issue or to license the technology from third parties. We may not be able to obtain any required licenses on commercially acceptable terms or at all. Any of these outcomes could have a material adverse effect on our business.

The pharmaceutical and biotechnology industries have produced a significant number of patents, and it may not always be clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform or predictable. If we are sued for patent infringement, we would need to demonstrate that our products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and we may not be able to do this. Proving invalidity is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Even if we are successful in these proceedings, we may incur substantial costs and divert management's time and attention in pursuing these proceedings, which could have a material adverse effect on us. If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, defend an infringement action or challenge the validity of the patents in court. Patent litigation is costly and time consuming. We may not have sufficient resources to bring these actions to a successful conclusion. In addition, if we do not obtain a license, develop or obtain non-infringing technology, fail to defend an infringement action successfully or have infringed patents declared invalid, we may incur substantial monetary damages, encounter significant delays in bringing our product candidates to market and be precluded from manufacturing or selling our product candidates.

The cost of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the cost of such litigation and proceedings more effectively than we can because of their substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

If we fail to comply with our obligations under our intellectual property licenses with third parties, we could lose license rights that are important to our business.

We are currently party to various intellectual property license agreements. These license agreements impose, and we expect that future license agreements may impose, various diligence, milestone payment, royalty, insurance and other obligations on us. For example, we have entered into patent and know-how license agreements which grant us the right to use a certain technology related to biological manufacturing to manufacture margetuximab and MGA271. These licenses typically include an obligation to pay an upfront

payment, yearly maintenance payments and royalties on sales. If we fail to comply with our obligations under the licenses, the licensors may have the right to terminate their respective license agreements, in which event we might not be able to market any product that is covered by the agreements. Termination of the license agreements or reduction or elimination of our licensed rights may result in our having to negotiate new or reinstated licenses with less favorable terms, which could adversely affect our competitive business position and harm our business.

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

In addition to patent protection, we also rely on other proprietary rights, including protection of trade secrets, and other proprietary information. To maintain the confidentiality of trade secrets and proprietary information, we enter into confidentiality agreements with our employees, consultants, collaborators and others upon the commencement of their relationships with us. These agreements require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. Our agreements with employees and our personnel policies also provide that any inventions conceived by the individual in the course of rendering services to us shall be our exclusive property. However, we may not obtain these agreements in all circumstances, and individuals with whom we have these agreements may not comply with their terms. Thus, despite such agreement, such inventions may become assigned to third parties. In the event of unauthorized use or disclosure of our trade secrets or proprietary information, these agreements, even if obtained, may not provide meaningful protection, particularly for our trade secrets or other confidential information. To the extent that our employees, consultants or contractors use technology or know-how owned by third parties in their work for us, disputes may arise between us and those third parties as to the rights in related inventions. To the extent that an individual who is not obligated to assign rights in intellectual property to us is rightfully an inventor of intellectual property, we may need to obtain an assignment or a license to that intellectual property from that individual, or a third party or from that individual's assignee. Such assignment or license may not be available on commercially reasonable terms or at all.

Adequate remedies may not exist in the event of unauthorized use or disclosure of our proprietary information. The disclosure of our trade secrets would impair our competitive position and may materially harm our business, financial condition and results of operations. Costly and time consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to maintain trade secret protection could adversely affect our competitive business position. In addition, others may independently discover or develop our trade secrets and proprietary information, and the existence of our own trade secrets affords no protection against such independent discovery.

As is common in the biotechnology and pharmaceutical industries, we employ individuals who were previously or concurrently employed at research institutions and/or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. We may be subject to claims that these employees, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers, or that patents and applications we have filed to protect inventions of these employees, even those related to one or more of our product candidates, are rightfully owned by their former or concurrent employer. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to the USPTO and various foreign patent offices at various points over the

lifetime of our patents and/or applications. We have systems in place to remind us to pay these fees, and we rely on our outside counsel to pay these fees when due. Additionally, the USPTO and various foreign patent offices require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with rules applicable to the particular jurisdiction. However, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If such an event were to occur, it could have a material adverse effect on our business. In addition, we are responsible for the payment of patent fees for patent rights that we have licensed from other parties. If any licensor of these patents does not itself elect to make these payments, and we fail to do so, we may be liable to the licensor for any costs and consequences of any resulting loss of patent rights.

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

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

Risks Related to Legal Compliance Matters

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

Our research and development involves, and may in the future involve, the use of potentially hazardous materials and chemicals. Our operations may produce hazardous waste products. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards mandated by local, state and federal laws and regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which could be substantial. We are also subject to numerous environmental, health and workplace safety laws and regulations and fire and building codes, including those governing laboratory procedures, exposure to blood-borne pathogens, use and storage of flammable agents and the handling of biohazardous materials. Although we maintain workers' compensation insurance as prescribed by the States of Maryland and California to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of these materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future. We may incur substantial costs to comply with, and substantial fines or penalties if we violate, any of these laws or regulations.

If we market products in a manner that violates healthcare fraud and abuse laws, or if we violate government price reporting laws, we may be subject to civil or criminal penalties.

In addition to FDA restrictions on marketing of pharmaceutical products, several other types of state and federal healthcare laws commonly referred to as "fraud and abuse" laws have been applied in recent years to restrict certain marketing practices in the pharmaceutical industry. These laws include false claims and anti-kickback statutes.

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid. The federal healthcare program anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce, or in return for, purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers on the other. Although there are several statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Most states also have statutes or regulations similar to the federal anti-kickback law and federal false claims laws, which may apply to items such as pharmaceutical products and services reimbursed by private insurers. Administrative, civil and criminal sanctions may be imposed under these federal and state laws.

Over the past few years, a number of pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of promotional and marketing activities, such as: providing free trips, free goods, sham consulting fees and grants and other monetary benefits to prescribers; reporting to pricing services inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates. At such time, if ever, as we market any of our future approved products and these products are paid for by governmental programs, it is possible that some of our business activities could also be subject to challenge under one or more of these "fraud and abuse" laws.

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

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with federal and state health care fraud and abuse laws and regulations, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the health care industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We intend to adopt a code of conduct prior to the completion of this offering, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

Risks Relating to Employee Matters and Managing Growth

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the research and development, clinical and business development expertise of Scott Koenig, M.D., Ph.D., our President and Chief Executive Officer, as well as the other members of our senior management, scientific and clinical team. Although we have entered into employment letter agreements with our executive officers, each of them may terminate their employment with us at any time. We currently maintain $1 million in "key person" insurance coverage for Dr. Koenig. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. In addition, we will need to expand and effectively manage our managerial, operational, financial, development and other resources in order to successfully pursue our research, development and commercialization efforts for our existing and future product candidates. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

We will need to grow our organization, and we may experience difficulties in managing this growth, which could disrupt our operations.

As of August 31, 2013, we had 159 full-time employees. As our development and commercialization plans and strategies develop, we expect to expand our employee base for managerial, operational, sales, marketing, financial and other resources. Future growth would impose significant added responsibilities on members of management, including the need to identify, recruit, maintain, motivate and integrate additional employees. Also, our management may need to divert a disproportionate amount of their attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations which may result in weaknesses in our infrastructure, give rise to operational errors, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of existing and additional product candidates. If our management is unable to effectively manage our expected growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize our product candidates and compete effectively with others in our industry will depend, in part, on our ability to effectively manage any future growth.

Risks Relating to Our Common Stock and this Offering

Our stock price is likely to be volatile and the market price of our common stock after this offering may drop below the price you pay.

You should consider an investment in our common stock as risky and invest only if you can withstand a significant loss and wide fluctuations in the market value of your investment. Prior to this offering, there was not a public market for our common stock. We will negotiate and determine the initial public offering price with the representatives of the underwriters based on several factors. This price may vary from the market price of our common stock after this offering. You may be unable to sell your shares of common stock at or above the initial offering price due to fluctuations in the market price of our common stock arising from changes in our operating performance or prospects. In addition, the stock market has recently experienced significant volatility, particularly with respect to pharmaceutical, biotechnology, and other life sciences company stocks. The volatility of pharmaceutical, biotechnology, and other life sciences company stocks often does not relate to the operating performance of the companies represented by the stock. Some of the factors that may cause the market price of our common stock to fluctuate or decrease below the price paid in this offering include:

- results and timing of our clinical trials and clinical trials of our competitors' products;
- failure or discontinuation of any of our development programs;
- issues in manufacturing our product candidates or future approved products;
- regulatory developments or enforcement in the United States and foreign countries with respect to our product candidates or our competitors' products;
- competition from existing products or new products that may emerge;
- developments or disputes concerning patents or other proprietary rights;
- introduction of technological innovations or new commercial products by us or our competitors;
- announcements by us, our collaborators or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- changes in estimates or recommendations by securities analysts, if any cover our common stock;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- public concern over our product candidates or any future approved products;
- litigation;
- future sales of our common stock;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- additions or departures of key personnel;
- changes in the structure of health care payment systems in the United States or overseas;
- failure of any of our product candidates, if approved, to achieve commercial success;

- economic and other external factors or other disasters or crises;
- period-to-period fluctuations in our financial condition and results of operations, including the timing of receipt of any milestone or other payments under commercialization or licensing agreements;
- general market conditions and market conditions for biopharmaceutical stocks; and
- overall fluctuations in U.S. equity markets.

In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit and divert the time and attention of our management, which could seriously harm our business.

There may not be an active, liquid trading market for our common stock.

Prior to this offering, there has been no established trading market for our common stock. There is no guarantee that an active trading market for our common stock will develop or, if developed, be maintained after this offering on the NASDAQ Global Select Market or any other exchange. If a trading market does not develop or is not maintained, you may experience difficulty in reselling, or an inability to sell, your shares quickly or at the latest market price. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by suing our shares as consideration.

Insiders will continue to have substantial control over us which could delay or prevent a change in corporate control or result in the entrenchment of management and/or the board of directors.

After this offering, our directors, executive officers and principal stockholders, together with their affiliates and related persons, will beneficially own, in the aggregate, approximately 81% of our outstanding common stock. As a result, these stockholders, if acting together, may have the ability to determine the outcome of matters submitted to our stockholders for approval, including the election and removal of directors and any merger, consolidation, or sale of all or substantially all of our assets. In addition, these persons, acting together, may have the ability to control the management and affairs of our company. Accordingly, this concentration of ownership may harm the market price of our common stock by:

- delaying, deferring, or preventing a change in control;
- entrenching our management and/or the board of directors;
- impeding a merger, consolidation, takeover, or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

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

Management will retain broad discretion over the use of the net proceeds from this offering. Stockholders may not agree with such uses, and our use of the proceeds may not yield a significant return or any return at all for our stockholders. We intend to use the proceeds from this offering to fund research and development of our current and future product candidates. We may also spend a portion of the net proceeds on working capital and general corporate purposes, which may include in-licensing or acquiring other products or technologies. Because of the number and variability of factors that will determine our use of the proceeds from

this offering, their ultimate use may vary substantially from their currently intended use. Any failure by our management to apply the proceeds effectively could affect our ability to continue to develop and eventually manufacture and sell our products.

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

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. 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 some accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We cannot predict whether investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We may take advantage of these reporting exemptions until we are no longer an "emerging growth company." We could remain an "emerging growth company" until the earliest to occur of the following:

- the last day of the fiscal year in which we have total annual gross revenue of $1 billion or more;
- the last day of our fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to this prospectus;
- the date on which we have issued more than $1 billion in non-convertible debt during the previous three years; or
- the date on which we are deemed to be a "large accelerated filer" under SEC rules and regulations.

We will incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to corporate governance standards.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, our administrative staff will be required to perform additional tasks. For example, in anticipation of becoming a public company, we will need to adopt additional internal controls and disclosure controls and procedures, retain a transfer agent and adopt an insider trading policy. Once we are a public company, we will bear all of the internal and external costs of preparing and distributing periodic public reports in compliance with our obligations under the securities laws.

In addition, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act and related regulations implemented by the Securities and Exchange Commission and the NASDAQ Global Select Market, have increased legal and financial compliance costs and will make some compliance activities more time consuming. We are currently evaluating these rules, and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment will result in increased general and administrative expenses and may divert management's time and attention from our other business activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory

or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. In connection with this offering, we are increasing our directors' and officers' insurance coverage which will increase our insurance cost. In the future, it may be more expensive or more difficult for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

Under the corporate governance standards of the NASDAQ Global Select Market, a majority of our board of directors and each member of our audit committee must be an independent director no later than the first anniversary of the completion of this offering. We may encounter difficulty in attracting qualified persons to serve on our board of directors and the audit committee, and our board of directors and management may be required to divert significant time and attention and resources away from our business to identify qualified directors. If we fail to attract and retain the required number of independent directors, we may be subject to the delisting of our common stock from the NASDAQ Global Select Market.

Provisions of our charter, bylaws, and Delaware law may make an acquisition of us or a change in our management more difficult.

Certain provisions of our restated certificate of incorporation and restated bylaws that will be in effect upon the completion of this offering could 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. These provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. Stockholders who wish to participate in these transactions may not have the opportunity to do so. Furthermore, since our board of directors is responsible for appointing the members of our management team, these provisions could prevent or frustrate attempts by our stockholders to replace or remove our management by making it more difficult for stockholders to replace members of our board of directors. These provisions:

- allow the authorized number of directors to be changed only by resolution of our board of directors;
- establish a classified board of directors, providing that not all members of the board of directors be elected at one time;
- authorize our board of directors to issue without stockholder approval blank check preferred stock that, if issued, could operate as a "poison pill" to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that is not approved by our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit stockholder action by written consent;
- establish advance notice requirements for stockholder nominations to our board of directors or for stockholder proposals that can be acted on at stockholder meetings;
- limit who may call stockholder meetings; and
- require the approval of the holders of 75% of the outstanding shares of our capital stock entitled to vote in order to amend certain provisions of our restated certificate of incorporation and restated bylaws.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which may, unless certain criteria are met, prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a prescribed period of time. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders.

We do not anticipate paying cash dividends, and accordingly, stockholders must rely on stock appreciation for any return on their investment.

We currently intend to retain our future earnings, if any, to fund the development and growth of our businesses. As a result, capital appreciation, if any, of our common stock will be your sole source of gain on your investment for the foreseeable future. Investors seeking cash dividends should not invest in our common stock.

Investors in this offering will pay a much higher price than the book value of our common stock and therefore you will incur immediate and substantial dilution of your investment.

The initial public offering price will be substantially higher than the net tangible book value per share of shares of our common stock based on the total value of our tangible assets less our total liabilities immediately following this offering. Therefore, if you purchase common stock in this offering, you will experience immediate and substantial dilution of approximately $13.14 per share, representing the difference between our pro forma as adjusted net tangible book value per share after giving effect to this offering at an assumed initial public offering price of $15 per share. In the past, we issued options and warrants to acquire common stock at prices below the assumed initial public offering price. To the extent these outstanding options are ultimately exercised, you will experience further dilution.

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

Sales of a substantial number of shares of our common stock in the public market could occur in the future. These sales, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock. After this offering, we will have 23,021,725 outstanding shares of common stock based on the number of shares outstanding as of August 31, 2013. This includes the shares sold in this offering, which may be resold in the public market immediately and the remaining shares are currently restricted under securities laws or as a result of lock-up agreements but will be able to be resold after the offering as described in the “Shares Eligible for Future Sale” section of this prospectus. Moreover, after this offering, holders of an aggregate of 15,504,104 shares of common stock, which includes 15,130,610 shares of common stock issuable upon the conversion of all our outstanding shares of our preferred stock will have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also intend to register all 1,920,168 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 the lock-up agreements described in the “Underwriting” section of this prospectus.

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

As of August 31, 2013, we have options to purchase 2,898,753 shares outstanding under our equity compensation plans. We are also authorized to grant equity awards, including stock options, to our employees, directors and consultants, covering up to 78,480 shares of our common stock, pursuant to our equity compensation plans. We plan to register the number of shares available for issuance or subject to outstanding awards under our equity compensation plans after the completion of this offering.

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

The trading market for our common stock will depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. We cannot

assure you that analysts will cover us or provide favorable coverage. If one or more of the analysts who cover us downgrade our stock or change their opinion of our stock, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

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

Our ability to utilize our federal net operating losses, or NOLs, and federal tax credits is currently limited, and may be limited further, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. The limitations apply if an ownership change, as defined by Section 382, occurs. Generally, an ownership change occurs when certain shareholders increase their aggregate ownership by more than 50 percentage points over their lowest ownership percentage in a testing period, which is typically three years or since the last ownership change. We are already subject to Section 382 limitations due to an acquisition we made in 2008. As of December 31, 2012, we had federal NOL carryforwards of $100.9 million, state NOL carryforwards of $64.2 million and research and development tax credit carryforwards of $21.8 million available. Future changes in stock ownership, including resulting from this offering, may also trigger an ownership change and, consequently, another Section 382 limitation. Any limitation may result in expiration of a portion of the net operating loss or tax credit carryforwards before utilization which would reduce our gross deferred income tax assets and corresponding valuation allowance. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards and tax credit carryforwards to reduce United States federal income tax may be subject to limitations, which could potentially result in increased future cash tax liability to us.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of federal securities laws. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. Many of these statements appear, in particular, under the headings “Prospectus Summary”, “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business”. Forward-looking statements can often be identified by the use of terminology such as “subject to”, “believe”, “anticipate”, “plan”, “expect”, “intend”, “estimate”, “project”, “may”, “will”, “should”, “would”, “could”, “can”, the negatives thereof, variations thereon and similar expressions, or by discussions of strategy.

All forward-looking statements, including, without limitation, our examination of historical operating trends, are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and beliefs, but they are inherently uncertain. We may not realize our expectations, and our beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements. The following uncertainties and factors, among others (including those set forth under “Risk Factors”), could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- our plans to develop and commercialize our product candidates;
- our ongoing and planned clinical trials;
- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to identify additional products or product candidates with significant commercial potential that are consistent with our commercial objectives;
- the rate and degree of market acceptance and clinical utility of our products;
- our commercialization, marketing and manufacturing capabilities and strategy;
- significant competition in our industry;
- costs of litigation and the failure to successfully defend lawsuits and other claims against us;
- economic, political and other risks associated with our international operations;
- our ability to receive research funding and achieve anticipated milestones under our collaborations;
- our intellectual property position;
- costs of compliance and our failure to comply with new and existing governmental regulations including, but not limited to, tax regulations;
- loss or retirement of key members of management;
- costs of compliance and our failure to comply with new and existing governmental regulations including, but not limited to, tax regulations;

- failure to successfully execute our growth strategy, including any delays in our planned future growth; and
- our failure to maintain effective internal controls.

Consequently, forward-looking statements should be regarded solely as our current plans, estimates and beliefs. You should not place undue reliance on forward-looking statements. We cannot guarantee future results, events, levels of activity, performance or achievements. We do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of 4,000,000 shares of common stock in this offering will be approximately $55.8 million at an assumed initial public offering price of $15.00 per share, the midpoint of the price range set forth on the cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares in full, we estimate that the net proceeds will be approximately $64.2 million after deducting estimated 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 $15 per share would increase or decrease our net proceeds by $3.7 million, assuming the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

We are undertaking this offering in order to access the public capital markets and to increase our liquidity. We intend to use the net proceeds of this offering together with our existing cash and cash equivalents, as follows:

- Approximately $50 million and $20 million to fund clinical development expenses for margetuximab and MGA271, respectively;
- Approximately $5 million, $15 million and $10 million to fund research and development expenses to advance our remaining product candidates, including MGD006, MGD007 and MGD010, respectively; and
- The remainder for working capital and general corporate purposes, which may include other research and development programs, in-licensing or acquiring other products or technologies.

Our expected use of net proceeds from this offering represents our current intentions based upon 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 net proceeds to be received upon the completion of this offering or the amounts that we will actually spend on the uses set forth above. Due to the many variables inherent to the development of oncology and autoimmune therapeutics at this time, such as the timing of patient enrollment and evolving regulatory requirements, we cannot currently predict the stage of development that our product candidates will reach using the net proceeds of this offering. Based upon our current operating plan, we anticipate that the net proceeds from this offering together with our existing cash and cash equivalents and a significant portion of the $100 million in collaboration payments we anticipate receiving through 2015, will enable us to fund clinical development of the above product candidates through 2015, assuming all of our collaboration programs advance as currently contemplated.

The amount and timing of our actual expenditures will depend upon numerous factors, including the results of our research and development efforts, the timing and success of pre-clinical studies, our ongoing clinical trials or clinical trials we may commence in the future and the timing of regulatory submissions. As a result, our management will have broad discretion over the use of the net proceeds from this offering.

Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, interest-bearing, investment-grade securities, certificates of deposit or government securities.

DIVIDEND POLICY

We have never paid any dividends on our common stock. We currently intend to retain any future earnings to finance the growth and development of our business, and we do not anticipate that we will declare or pay any cash dividends on our common stock in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements, restrictions under any future indebtedness and other factors the board of directors deems relevant.

CAPITALIZATION

The following table indicates our capitalization at June 30, 2013:

- on an actual basis;
- on a pro forma basis to reflect the conversion of all of our outstanding preferred stock into an aggregate of 16,955,790 shares of common stock and the net issue exercise of Series D-2 preferred stock warrants into an aggregate of 33,223 shares of common stock immediately prior to the completion of this offering (in the event that all outstanding warrants are exercised on a cash basis, shares of common stock issuable upon exercise of the warrants would be 180,784); and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of 4,000,000 shares of common stock in this offering at an assumed initial public offering price of $15.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

This table should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of June 30, 2013		
	Actual	Pro Forma (unaudited) (in thousands, except share data)	Pro Forma As Adjusted
Cash and cash equivalents	$ 33,781	$ 33,781	$ 87,781(1)
Stockholders' equity (deficit):			
Preferred stock, $0.01 par value per share:			
Series A-1: 26,874,792 shares authorized, issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	269	—	—
Series A-2: 7,364,582 shares authorized, issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma, and pro forma as adjusted	74	—	—
Series B: 71,401,237 shares authorized, issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma, and pro forma as adjusted	714	—	—
Series C: 110,952,217 shares authorized, issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma, and pro forma as adjusted	1,110	—	—
Series D: 30,000,000 shares authorized, 14,446,227 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma, and pro forma as adjusted	144	—	—
Series D-2: 75,000,000 shares authorized; 63,681,176 shares issued and outstanding, actual, no shares authorized, issued and outstanding, pro forma, and pro forma as adjusted	637	—	—
Common stock, $0.01 par value; 425,000,000 shares authorized, 1,962,090 shares issued and outstanding, actual; 425,000,000 shares authorized, 18,951,103 shares issued and outstanding, pro forma; 425,000,000 shares authorized, 22,951,103 shares issued and outstanding, pro forma as adjusted	19	189	230
Treasury stock, at cost, 14,381 shares actual, pro forma and pro forma as adjusted	(58)	(58)	(58)
Additional paid-in capital	165,293	168,071	222,030
Accumulated deficit	(179,132)	(179,132)	(179,132)
Total stockholders' equity (deficit)	(10,930)	(10,930)	43,070
Total capitalization	$ (10,930)	$ (10,930)	$ 43,070

(1) In the event that all outstanding warrants are exercised on a cash basis, the Company would receive additional cash proceeds of approximately $2.2 million.

The shares of our common stock to be outstanding after this offering are based on 1,962,018 shares of our common stock outstanding as of June 30, 2013 and exclude:

- 2,763,365 shares of common stock issuable upon the exercise of outstanding options, as of June 30, 2013, at a weighted average exercise price of $1.02 per share;
- 284,564 shares of common stock reserved for future grant or issuance under our stock option plans as of June 30, 2013. For additional information regarding our capital structure, see "Management—Employee Benefit Plans," "Description of Capital Stock" and Note 5 of the Notes to our Consolidated Financial Statements.

DILUTION

Our historical net tangible book value as of June 30, 2013 was $(10.9) million, or $(5.58) per share of our common stock. Historical net tangible book value per share represents our total tangible assets less total liabilities divided by the number of shares of our common stock outstanding. Our pro forma net tangible book value (deficit) as of June 30, 2013 was approximately $(10.9) million, or $(0.57) per share of common stock. Pro forma tangible book value per share represents our total tangible assets less total liabilities divided by the number of shares of common stock outstanding as of June 30, 2013 after giving effect to the conversion of all of our outstanding preferred stock into common stock immediately prior to the closing of this offering. After giving effect to (a) the conversion of all of our outstanding preferred stock into common stock immediately prior to the closing of this offering; (b) the net issue exercise of all Series D-2 preferred stock warrants into common stock immediately prior to the closing of this offering (in the event that all outstanding warrants are exercised on a cash basis, shares of common stock issuable upon exercise of the warrants would be 180,784); and (c) our sale of 4,000,000 shares of common stock offered by this prospectus and the receipt and application of those net proceeds, our pro forma net tangible book value as of June 30, 2013 would have been $43.1 million, or $1.86 per share of common stock. This represents an immediate increase in pro forma net tangible book value of $2.43 per share to existing stockholders and an immediate dilution in pro forma net tangible book value of $13.14 per share to investors purchasing common stock in this offering.

The following table illustrates this per share dilution:

Assumed initial public offering price per share		$15.00
Historical net tangible book value per share as of June 30, 2013	$(5.58)	
Pro forma increase in net tangible book value per share attributable to the conversion of outstanding preferred stock	5.01	
Pro forma net tangible book value per share as of June 30, 2013	(0.57)	
Increase in net tangible book value per share attributable to new investors	2.43	
Pro forma net tangible book value per share after this offering		1.86
Dilution per share to new investors(1)		$13.14

(1) Dilution per share to new investors will not be affected if the outstanding Series D-2 preferred stock warrants are exercised on a cash basis.

A $1.00 increase or decrease in the assumed initial public offering price of $15.00 per share would increase or decrease our pro forma net tangible book value by approximately $3.7 million, our pro forma net tangible book value per share after this offering by approximately $0.16 and dilution per share to new investors by approximately $0.84, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

The following table summarizes on a pro forma basis as of June 30, 2013, the difference between the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid by existing stockholders and by new investors, assuming an initial public offering price of $15.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, and before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders	18,951,031	83%	$151,300,000	72%	$ 7.98
New investors	4,000,000	17	60,000,000	28	15.00
Total	22,951,031	100%	$211,300,000	100%	$ 9.21

The table above is based on shares outstanding as of June 30, 2013 and includes 16,955,790 additional shares of our common stock issuable upon the automatic conversion of all outstanding shares of our preferred stock into shares of common stock and 33,223 additional shares of our common stock issuable upon the net issue exercise of Series D-2 preferred stock warrants upon the closing of this offering (in the event that all outstanding warrants are exercised on a cash basis, shares of common stock issuable upon exercise of the warrants would be 180,784).

The table above excludes:

- 2,763,365 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2013 at a weighted average exercise price of $1.02 per share; and
- 284,564 shares of our common stock reserved for future grant or issuance under our stock option plans as of June 30, 2013. For additional information regarding our capital structure, see “Management—Employee Benefit Plans” and Note 5 of the Notes to our Consolidated Financial Statements.

The foregoing discussion and tables assume no exercise of any stock options outstanding as of June 30, 2013. To the extent that these options are exercised, new investors will experience further dilution. As of June 30, 2013, options to purchase 2,763,365 shares of common stock were outstanding at a weighted average exercise price of $1.02 per share. Assuming all of our outstanding options are exercised, new investors will own approximately 16% of our outstanding shares while contributing approximately 28% of the total amount paid to fund our company.

If the underwriters exercise their option to purchase additional shares in full, the following will occur:

- the percentage of shares of our common stock held by existing stockholders will decrease to approximately 80% of the total number of shares of our common stock outstanding after this offering; and
- the number of shares of our common stock held by new investors will increase to approximately 20% of the total number of shares of our common stock outstanding after this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The consolidated statements of operations and comprehensive income (loss) data for the years ended December 31, 2012 and 2011 and the consolidated balance sheet data as of December 31, 2012 included in this prospectus have been derived from our audited consolidated financial statements and footnotes included elsewhere in this prospectus. The following selected consolidated statements of operations and comprehensive income (loss) data for the six months ended June 30, 2012 and 2013 and the balance sheet data as of June 30, 2013 have been derived from our unaudited consolidated financial statements and footnotes included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, which management considers necessary for the fair presentation of the information for the unaudited periods. Historical results are not necessarily indicative of future results, and our interim period results are not necessarily indicative of results to be expected for a full year or any other interim period. The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
			(unaudited)	
	(in thousands, except share and per share data)			
Consolidated Statements of Operations and Comprehensive Income (loss):				
Total revenues	$ 57,207	$ 63,826	$ 37,946	$ 22,896
Costs and expenses:				
Research and development	41,089	45,433	24,957	21,146
General and administrative	10,868	10,188	5,126	5,336
Total costs and expenses	51,957	55,621	30,083	26,482
Income (loss) from operations	5,250	8,205	7,863	(3,586)
Other income (expense):				
Interest income (expense)	8	6	3	(2)
Other income (expense)	1,459	151	—	(72)
Total other income (expense)	1,467	157	3	(74)
Net comprehensive income (loss)	$ 6,717	$ 8,362	$ 7,866	$ (3,660)
Basic net income (loss) per common share	$ —	$ —	$ 0.03	$ (3.00)
Diluted net income (loss) per common share	$ —	$ —	$ 0.00	$ (3.00)
Basic weighted average number of common shares	1,025,602	1,083,286	1,070,985	1,184,507
Diluted weighted average number of common share	1,025,602	1,083,286	21,367,567	1,184,507
Pro forma basic net income (loss) per common share		$ 0.38		$ (0.19)
Pro forma diluted net income (loss) per common share		$ 0.38		$ (0.19)
Pro forma basic weighted average number of common shares		18,039,142		18,140,363
Pro forma diluted weighted average number of common shares		21,473,689		18,140,363

	Year Ended December 31, 2011	Year Ended December 31, 2012	Six Months Ended June 30, 2013 (unaudited)
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 55,218	$ 47,743	$ 33,781
Total assets	62,681	53,747	42,183
Deferred revenue	54,890	44,080	37,308
Convertible preferred stock	2,947	2,947	2,947
Total stockholders' equity (deficit)	(17,484)	(8,237)	(10,930)

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

The following discussion of our financial condition and results of operations should be read together with our selected consolidated financial data and the consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under the section entitled "Risk Factors" and elsewhere in this prospectus, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing innovative monoclonal antibody-based therapeutics for the treatment of cancer and autoimmune diseases. We generate our pipeline of product candidates from our proprietary suite of next-generation antibody technology platforms which we believe improve the performance of monoclonal antibodies and antibody-derived molecules. These product candidates, which we have identified through our understanding of disease biology and immune-mediated mechanisms, may address disease-specific challenges which are not currently being met by existing therapies. The combination of our technology platforms and antibody engineering expertise has allowed us to generate promising product candidates and enter into several strategic collaborations with global pharmaceutical and biotechnology companies. These collaborations provide us with funding and allow us to leverage the additional expertise of our collaborators to advance the development of our product candidates.

We currently have two oncology product candidates in clinical development. Additionally, we have several proprietary product candidates in pre-clinical development and we expect to commence Phase 1 clinical trials on two of these product candidates in 2014.

- *Margetuximab*, also known as MGAH22, is a monoclonal antibody that targets HER2-expressing tumors, including breast, gastroesophageal, bladder and other cancers. HER2, or human epidermal growth factor receptor 2, is critical for the growth of many types of tumors. We currently are enrolling a Phase 2a clinical trial in metastatic breast cancer and anticipate commencing a Phase 3 potential registration clinical trial in advanced gastroesophageal cancer in the second half of 2014.

- *MGA271* is an Fc-optimized monoclonal antibody that targets B7-H3, a member of the B7 family of molecules and is over-expressed on a wide variety of solid tumor types. We have initiated a Phase 1 clinical trial that we expect to complete by the end of 2014. We plan to initiate a Phase 2 clinical trial no later than early 2015.

- *MGD006* is a humanized DART molecule that recognizes CD123, the Interleukin-3 receptor, or IL3R, alpha chain which is expressed on leukemia and leukemic stem cells, but not on normal hematopoietic stem cells, and CD3, which is expressed on T cells. We expect to commence a Phase 1 clinical trial in the first half of 2014.

- *MGD007* is a humanized DART molecule that recognizes both the glycoprotein gpA33, expressed on gastrointestinal tumors, including more than 95% of human colon cancers, and CD3, which is expressed on T cells. We expect to commence a Phase 1 clinical trial in the second half of 2014.

We commenced active operations in 2000, and have since devoted substantially all of our resources to staffing our company, business planning, raising capital, developing our technology platforms, identifying potential product candidates, undertaking pre-clinical studies and conducting clinical trials. We have not generated any revenues from the sale of any products to date. We have financed our operations primarily through the private placements of our convertible preferred stock, collaborations and government grants and contracts. From inception through June 30, 2013, we have received $151.3 million from the sale of convertible preferred

stock and warrants. We have received an additional $180.0 million of upfront, milestone and annual maintenance payments from our collaborators and have been reimbursed $216.1 million through our collaborations and government grants and contracts. Although it is difficult to predict our liquidity requirements, based upon our current operating plan, we anticipate that the net proceeds from this offering, together with our existing cash and cash equivalents, and a significant portion of the $100 million in collaboration payments we anticipate receiving through 2015, will enable us to fund the clinical development of margetuximab, MGA271, MGD006, MGD007 and MGD010 through 2015, assuming all of our collaboration programs advance as currently contemplated.

Through June 30, 2013, we had an accumulated deficit of $179.1 million. Due primarily to upfront fees paid by our collaborators, we realized a profit of $6.7 million and $8.4 million for the years ended December 31, 2011 and 2012, respectively. We have recognized a loss of $3.7 million for the six months ended June 30, 2013. We expect that over the next several years we will increase our expenditures in research and development in connection with our ongoing activities with several clinical trials.

Strategic Collaborations and Licenses

We have entered into several strategic collaborations which provide us with significant additional funding in order to continue development of our pipeline and to extend our technology platforms and on-going programs. Our collaborations have allowed us to speed up the progress of our on-going pre-clinical and clinical stage programs.

- *Servier*. In November 2011, we entered into a collaboration agreement with Servier under which we granted Servier an option to obtain an exclusive license to develop and commercialize MGA271 in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. We have received a $20 million option grant fee and a $10 million milestone payment, and may be eligible to receive up to approximately $415 million in license grant fees, and clinical, development, regulatory and sales milestone payments. In the event Servier exercises its option, Servier must pay a license grant fee, which we estimate to be $30 million, based on the number of different indications represented within the planned Phase 1 patient population. We and Servier will share Phase 2 and Phase 3 development costs.

  In September 2012, we entered into a second agreement with Servier and granted it options to obtain three separate exclusive licenses to develop and commercialize DART-based molecules, consisting of those designated by us as MGD006 and MGD007, as well as a third DART molecule, in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. We received a $20 million option grant fee. In addition, we will be eligible to receive up to approximately $1 billion in additional license grant fees, and clinical, development, regulatory and sales milestone payments if Servier exercises all three of its options and successfully develops, obtains regulatory approval for, and commercializes a product under each license, including $5 million upon IND acceptance for each of MGD006, MGD007 and a third DART molecule. In addition to these milestone payments, we and Servier will share Phase 2 and Phase 3 development costs.

  Additionally, under both agreements, Servier would be obligated to pay us low double digit to mid-teen royalties on product sales in its territories.

- *Gilead*. In January 2013, we entered into an agreement with Gilead to grant it an exclusive worldwide license to research, develop and commercialize up to four DART-based molecules. Gilead has exclusive worldwide rights for three of the programs. For one program, we retain development and commercialization rights outside of North America, the European Union, Norway, Iceland, Turkey, Australia and New Zealand. We received an initial $7.5 million license grant fee for the first DART-based molecule, and are eligible to receive up to an additional $22.5 million in grant fees on the remaining three DART-based molecules. We are further eligible to receive up to an additional $85 million in pre-clinical milestones across the four DART programs and up to

approximately $1 billion in additional clinical, regulatory and sales milestone payments if Gilead exercises all four of the options and achieves all of the requisite milestones under each option and license. Gilead also provides funding for our internal and external research costs under the agreement. We are also eligible to receive tiered royalties on the net sales at percentages ranging from the high-single digits to the low double digits, but less than teens, subject to reductions in specified circumstances.

- *Boehringer*. In October 2010, we entered into an agreement with Boehringer to discover, develop and commercialize up to ten DART-based molecules which may span multiple therapeutic areas. We granted Boehringer an exclusive worldwide, royalty-bearing, license and received an upfront payment of $15 million. We subsequently received two annual maintenance payments and anticipate receiving a third annual maintenance payment in the fourth quarter of 2013. We have the potential to earn development, regulatory and sales milestone payments that can reach up to approximately $210 million for each of the DART programs under this agreement. Boehringer provides funding for our internal and external research costs and is required to pay us mid-single digit royalties on product sales. From the commencement of the collaboration through June 30, 2013, we have received $37.9 million under this agreement, including upfront, annual maintenance and milestone payments as well as research funding. In addition, Boehringer purchased $10 million of our Series D-2 Preferred Stock in January 2011.

- *Pfizer.* In October 2010, we entered into a three year agreement with Pfizer to discover, develop and commercialize up to two DART-based molecules. We granted Pfizer a non-exclusive worldwide, royalty-bearing license and received an upfront payment of $5 million and have received milestone payments and funding for our internal and external research costs under the agreement. We are eligible to receive technical, development and sales milestone payments that can reach up to approximately $210 million for each DART program under this agreement. Pfizer is responsible for all pre-clinical and clinical development costs for the program. In addition, Pfizer is required to pay us mid-single digit to low-teen royalties on product sales. Under this collaboration, one DART program is currently being pursued and we will complete our research obligations under this program in January 2014.

- *Green Cross.* In June 2010, we entered into a collaboration agreement with Green Cross for the development of margetuximab. We granted Green Cross an exclusive license for all indications for all pharmaceutical forms of margetuximab in South Korea. Under the terms of this agreement, we received an upfront, nonrefundable payment of $1.0 million and are eligible to receive clinical, development and commercial milestone payments up to $4.5 million as well as royalties ranging from the low-single digits to the low-twenties on net sales of margetuximab in South Korea. In addition, Green Cross purchased $2.0 million of our Series D-2 Preferred Stock in January 2011.

Financial Operations Overview

Revenues

Our revenue consists of collaboration revenue, including amounts recognized relating to upfront nonrefundable payments for licenses or options to obtain future licenses, research and development funding and milestone payments earned under our collaboration and license agreement with our strategic collaborators, including Servier, Gilead, Boehringer, Pfizer and Green Cross. In addition, we have earned revenues through several grants and/or contracts with the U.S. government and other educational institutions on behalf of the U.S. government, primarily with respect to research and development activities related to infectious disease product candidates.

Research and Development Expense

Research and development expenses consist of expenses incurred in performing research and development activities. These expenses include conducting pre-clinical experiments and studies, clinical trials,

manufacturing efforts and regulatory filings for all product candidates, and other indirect expenses in support of our research and development activities. We capture research and development expense on a program-by-program basis for our product candidates that are in clinical development and recognize these expenses as they are incurred. The following are items we include in research and development expenses:

- Employee-related expenses such as salaries and benefits;
- Employee-related overhead expenses such as facilities and other allocated items;
- Stock-based compensation expense to employees and consultants engaged in research and development activities;
- Depreciation of laboratory equipment, computers and leasehold improvements;
- Fees paid to consultants, subcontractors, clinical research organizations, or CROs, and other third party vendors for work performed under our pre-clinical and clinical trials including but not limited to investigator grants, laboratory work and analysis, database management, statistical analysis, and other items;
- Amounts paid to vendors and suppliers for laboratory supplies;
- Costs related to manufacturing clinical trial materials, including vialing, packaging and testing;
- License fees and other third party vendor payments related to in-licensed product candidates and technology; and
- Costs related to compliance with regulatory requirements.

The following table shows a summary of our research and development expenses for the years ended December 31, 2011 and 2012, the six months ended June 30, 2012 and 2013, and from our inception in 2000 to June 30, 2013.

	Year Ended December 31,		Six Months Ended June 30,		From Inception to June 30, 2013
	2011	2012	2012	2013	
			(dollars in millions)		
Research and development expense					
Margetuximab	$ 6.3	$ 6.1	$ 3.0	$ 3.1	$ 28.0
MGA271	5.1	6.7	2.4	3.6	24.0
DART-based product candidates	7.3	12.0	5.1	10.6	36.8
Teplizumab	8.8	14.6	9.4	1.2	195.7
Other discovery and pre-clinical programs, collectively	13.6	6.0	5.1	2.6	115.2
Total research and development expense	$ 41.1	$ 45.4	$ 25.0	$ 21.1	$ 399.7

It is difficult to determine with certainty the duration and completion costs of our current or future pre-clinical programs and clinical trials of our product candidates, or if, when or to what extent we will generate revenues from the commercialization and sale of any of our product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our product candidates. The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors, including the uncertainties of future clinical trials and pre-clinical studies, uncertainties in clinical trial enrollment rate and significant and changing government regulation. In addition, the probability of success for each product candidate will depend on numerous factors, including competition, manufacturing capability and

commercial viability. We will determine which programs to pursue and how much to fund each program in response to the scientific and clinical success of each product candidate, as well as an assessment of each product candidate's commercial potential.

General and Administrative Expense

General and administrative expenses consist of salaries and related benefit costs for employees in our executive, finance, legal and intellectual property, business development, human resources and other support functions, travel expenses and other legal and professional fees.

Other Income (Expense)

Other income (expense) consists of interest income earned on our cash equivalents, offset by interest expense and other expense, including changes in the fair market value of the preferred stock warrant liability.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of financial conditions and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheets and the reported amount of the revenue and expenses recorded during the reporting period. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. We review and evaluate these estimates on an on-going basis. These assumptions and estimates form the basis for making judgments about the carrying values of assets and liabilities and amounts that have been recorded as revenues and expenses. Actual results and experiences may differ from these estimates. The results of any material revisions would be reflected in the consolidated financial statements prospectively from the date of the change in estimate.

While a summary of significant accounting policies is described fully in Note 2 in our consolidated financial statements, we believe that the following accounting policies are the most critical to assist you in fully understanding and evaluating our financial results and any affect the estimates and judgments we used in preparing our consolidated financial statements.

Revenue Recognition

We enter into collaboration and license agreements with collaborators for the development of monoclonal antibody-based therapeutics to treat cancer and other complex diseases. The terms of these agreements contain multiple deliverables which may include (i) licenses, or options to obtain licenses, to our technological platforms, such as our Fc engineering and DART technologies, (ii) rights to future technological improvements, (iii) research and development activities to be performed on behalf of the collaborative partner or as part of the collaboration, and (iv) the manufacture of pre-clinical or clinical materials for the collaborative partner. Payments to us under these agreements may include nonrefundable license fees, option fees, exercise fees, payments for research and development activities, payments for the manufacture of pre-clinical or clinical materials, license maintenance payments, payments based upon the achievement of certain milestones and royalties on product sales. Other benefits to us from these agreements include the right to sell products resulting from the collaborative efforts of the parties in specific geographic territories. We follow the provisions of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 605-25, *Revenue Recognition–Multiple-Element Arrangements*, and ASC Topic 605-28, *Revenue Recognition–Milestone Method*, in accounting for these agreements. In order to account for these agreements, we must identify the deliverables included within the agreement and evaluate which deliverables represent separate units of accounting based on the achievement of certain criteria, including whether the delivered element has stand-alone value to the collaborator. The consideration received is allocated among the separate units of accounting, and the applicable revenue recognition criteria are applied to each of the separate units.

As of December 31, 2012, we had the following two types of agreements: 1) exclusive development and commercialization licenses to use our technology and/or certain other intellectual property to develop compounds against specified targets, which we refer to as exclusive licenses; and 2) option/research agreements to secure on established terms development and commercialization licenses to anticancer and other therapeutic product candidates to collaborator selected targets developed by us during an option period, which we refer to as right-to-develop agreements.

Exclusive Licenses

The deliverables under an exclusive license agreement generally include the exclusive license to our technology with respect to a specified antigen target, and may also include deliverables related to rights to future technological improvements, research and pre-clinical development activities to be performed on behalf of the collaborator. In some cases we may have an option to participate in the co-development of product candidates that result from such agreements.

Generally, exclusive license agreements contain nonrefundable terms for payments and, depending on the terms of the agreement, provide that we will (i) at the collaborator's request, provide research and pre-clinical development services at negotiated prices which are generally consistent with what other third parties would charge, (ii) earn payments upon the achievement of certain milestones, (iii) earn royalty payments, and (iv) in some cases grant us an option to participate in the development and commercialization of products that result from such agreements. Royalty rates may vary over the royalty term depending on our intellectual property rights and whether we exercise any co-development and co-commercialization rights. We may provide technical assistance and share any technology improvements with our collaborators during the term of the collaboration agreements.

We do not directly control when any collaborator will achieve milestones or become liable for royalty payments.

In determining the units of accounting, management evaluates whether the exclusive license has stand-alone value from the undelivered elements to the collaborator based on the consideration of the relevant facts and circumstances for each arrangement. Factors considered in this determination include the research capabilities of the collaborator and the availability of technology platform and product research expertise in the general marketplace. If we conclude that the license has stand-alone value and therefore will be accounted for as a separate unit of accounting, we then determine the estimated selling prices of the license and all other units of accounting based on market conditions, similar arrangements entered into by third parties, and entity-specific factors such as the terms of our previous collaboration agreements, recent pre-clinical and clinical testing results of therapeutic product candidates that use our technology platforms, our pricing practices and pricing objectives, the likelihood that technological improvements will be made, the likelihood that technological improvements made will be used by our collaborators and the nature of the research services to be performed on behalf of our collaborators and market rates for similar services.

Upfront payments on exclusive licenses are deferred if facts and circumstances dictate that the license does not have stand-alone value. Prior to the adoption of Accounting Standards Update, or ASU, No. 2009-13, *Revenue Arrangements with Multiple Deliverables*, on January 1, 2011, we determined that our licenses lacked stand-alone value and were combined with other elements of the arrangement and any amounts associated with the license were deferred and amortized over a certain period, which we refer to as our period of substantial involvement. The determination of the length of the period over which to defer revenue is subject to judgment and estimation and can have an impact on the amount of revenue recognized in a given period. Historically, our involvement with the development of a collaborator's product candidate has been significant at the early stages of development, and lessens as it progresses into clinical trials. Accordingly, we generally estimate this period of substantial involvement to begin at the inception of the collaboration agreement and conclude at the end of our substantial involvement. We reassess our periods of substantial involvement over which we amortize our upfront

license fees and make adjustments as appropriate. In the event a collaborator elects to discontinue development of a specific product candidate under a single target license, but retains its right to use our technology to develop an alternative product candidate to the same target or a target substitute, we would cease amortization of any remaining portion of the upfront fee until there is substantial pre-clinical activity on another product candidate and its remaining period of substantial involvement can be estimated. In the event that a single target license were to be terminated, we would recognize as revenue any portion of the upfront fee that had not previously been recorded as revenue, but was classified as deferred revenue, at the date of such termination or through the remaining substantial involvement in the wind down of the agreement.

Upfront payments on exclusive licenses may be recognized upon delivery of the license if facts and circumstances dictate that the license has stand-alone value from the undelivered elements, which generally include rights to future technological improvements, research services and the manufacture of pre-clinical and clinical materials.

We recognize revenue related to research and pre-clinical development services that represent separate units of accounting as they are performed, as long as there is persuasive evidence of an arrangement, the fee is fixed or determinable, and collection of the related receivable is probable. We recognize revenue related to the rights to future technological improvements over the estimated term of the applicable license.

We typically perform research activities and pre-clinical development services, including generating and engineering product candidates, on behalf of our licensees during the early evaluation and pre-clinical testing stages of drug development under our exclusive licenses. We record amounts received for research materials produced or services performed as revenue from collaborative research.

Our license agreements have milestone payments which for reporting purposes are aggregated into three categories: (i) development milestones, (ii) regulatory milestones, and (iii) sales milestones. Development milestones are typically payable when a product candidate initiates or advances into different clinical trial phases. Regulatory milestones are typically payable upon submission for marketing approval with the FDA or other countries' regulatory authorities or on receipt of actual marketing approvals for the compound or for additional indications. Sales milestones are typically payable when annual sales reach certain levels.

At the inception of each agreement that includes milestone payments, we evaluate whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether (a) the consideration is commensurate with either (1) our performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from our performance to achieve the milestone, (b) the consideration relates solely to past performance and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. We evaluate factors such as the scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the arrangement in making this assessment.

Non-refundable development and regulatory milestones that are expected to be achieved as a result of our efforts during the period of substantial involvement are considered substantive and are recognized as revenue upon the achievement of the milestone, assuming all other revenue recognition criteria are met. Milestones that are not considered substantive because we did not contribute effort to the achievement of such milestones are generally achieved after the period of substantial involvement and are recognized as revenue upon achievement of the milestone, as there are no undelivered elements remaining and no continuing performance obligations, assuming all other revenue recognition criteria are met.

Right-to-Develop Agreements

Our right-to-develop agreements provide collaborators with an exclusive option to obtain licenses to develop and commercialize in specified geographic territories product candidates developed by us under agreed

upon research and pre-clinical development programs. The product candidates resulting from each program are all directed to a specific target selected by the collaborator. Under these agreements, fees may be due to us (i) at the inception of the arrangement (referred to as "upfront" fees or payments), (ii) the selection of a target for a program, (iii) upon the exercise of an option to acquire a development and commercialization license, referred to as exercise fee, for a program, or (iv) some combination of all of these fees.

The accounting for right-to-develop agreements is dependent on the nature of the options granted to the collaborative partner. Options are considered substantive if, at the inception of a right-to-develop agreement, we are at risk as to whether the collaborative partner will choose to exercise the options to secure development and commercialization licenses. Factors that are considered in evaluating whether options are substantive include the overall objective of the arrangement, the benefit the collaborator might obtain from the agreement without exercising the options, the cost to exercise the options relative to the total upfront consideration, and the additional financial commitments imposed on the collaborator as a result of exercising the options.

For right-to-develop agreements where the options to secure a development and commercialization licenses to a product program are considered substantive, we do not consider the development and commercialization licenses to be a deliverable at the inception of the agreement. For those right-to-develop agreements entered into prior to the adoption of ASU No. 2009-13 where the options to secure development and commercialization licenses are considered substantive, we have deferred the upfront payments received and recognize this revenue over the period during which the collaborator could elect to exercise options for development and commercialization licenses. These periods are specific to each collaboration agreement. If a collaborator selects a target for a product program, any substantive option fee is deferred and recognized over the life of the option, generally 12 months. If a collaborator exercises an option and acquires a development and commercialization license to a product program, we attribute the exercise fee to the development and commercialization license. Upon exercise of an option to acquire a development and commercialization license, we would also attribute any remaining deferred option fee to the development and commercialization license and apply the multiple-element revenue recognition criteria to the development and commercialization license and any other deliverables to determine the appropriate revenue recognition, which will be consistent with our accounting policy for upfront payments on exclusive licenses. In the event a right-to-develop agreement were to be terminated, we would recognize as revenue any portion of the upfront fee that had not previously been recorded as revenue, but was classified as deferred revenue, at the date of such termination.

For right-to-develop agreements where the options to secure development and commercialization licenses to product programs are not considered substantive, we consider the development and commercialization licenses to be a deliverable at the inception of the agreement and apply the multiple-element revenue recognition criteria to determine the appropriate revenue recognition. All of our right-to-develop agreements have been determined to contain substantive options. We do not directly control when any collaborator will exercise its options for development and commercialization licenses.

Research and Development Expense and related Accrued Expenses

As part of the process of preparing our consolidated financial statements, we may be required to estimate accrued expenses. In order to obtain reasonable estimates, we review open contracts and purchase orders. In addition, we communicate with applicable personnel in order to identify services that have been performed, but for which we have not yet been invoiced. In most cases, our vendors provide us with monthly invoices in arrears for services performed. We confirm our estimates with these vendors and make adjustments as needed. The following are examples of our accrued expenses:

- Fees paid to CROs for services performed on clinical trials;
- Fees paid to investigative sites for services performed on clinical trials; and
- Fees paid for professional services.

Expenses related to clinical trials performed by our CROs are dependent on the successful enrollment of patients. These expenses can vary from site to site and contract to contract. We base our estimated accruals on the time period over which the services are to be performed and the level of effort to be expended in each period based on the estimated enrollment of patients in each trial. We will adjust accordingly should the estimates vary from the actual expenses. However, we do not anticipate that our payment of actual expenses will differ materially from our estimates.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that such tax rate changes are enacted. The measurement of a deferred tax asset is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. Financial statement recognition of a tax position taken or expected to be taken in a tax return is determined based on a more-likely-than-not threshold of that position being sustained. If the tax position meets this threshold, the benefit to be recognized is measured as the largest amount that is more than 50% likely to be realized upon ultimate settlement. Our policy is to record interest and penalties related to uncertain tax positions as a component of income tax expense.

We recorded deferred tax assets of $78.1 million as of December 31, 2012, which have been fully offset by a valuation allowance due to uncertainties surrounding our ability to realize these tax benefits. The deferred tax assets are primarily comprised of federal and state tax net operating loss, or NOL, carryforwards and research and development tax credit carryforwards. As of December 31, 2012, we had federal NOL carryforwards of $100.9 million, state NOL carryforwards of $64.2 million and research and development tax credit carryforwards of $21.8 million available. These federal NOL carryforwards will begin to expire at various dates starting in 2023. We are already subject to Section 382 limitations due to an acquisition we made in 2008. Future changes in stock ownership, including resulting from this offering, may also trigger an ownership change and, consequently, another Section 382 limitation. Any limitation may result in expiration of a portion of the net operating loss or tax credit carryforwards before utilization which would reduce our gross deferred income tax assets and corresponding valuation allowance. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards and tax credit carryforwards to reduce United States federal income tax may be subject to limitations, which could potentially result in increased future cash tax liability to us.

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the provisions of ASC Topic 718, *Compensation—Stock Compensation*. The fair value of stock-based payments is estimated, on the date of grant, using a Black-Scholes model. The resulting fair value is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the option. The use of a Black-Scholes model requires us to apply judgment and make assumptions and estimates that include the following:

- *Fair Value of Common Stock*—Given that there is no public market for our common stock, our board of directors has historically determined the fair value of our common stock. Since 2007, the board has relied on contemporaneous valuations to determine the fair value of our common stock.

- *Expected Volatility*—Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a given period. As we are not a publicly traded company, we have historically identified several public companies of similar size, complexity and stage of development and calculated the historical volatility using the volatility of these companies.

- *Expected Dividend Yield*—We have never declared or paid dividends.

- *Risk-Free Interest Rate*—We have historically used the United States Treasury rate for the week of each option grant during the year, having a term that most closely resembles the expected life of our options.

- *Expected Term*—This is the period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of ten year and we have estimated the expected life of the option term to be seven years. We use a simplified method to calculate the average expected term.

- *Expected Forfeiture Rate*—The forfeiture rate is the estimated percentage of options granted that is expected to be forfeited or canceled on an annual basis before becoming fully vested. We estimate the forfeiture rate based on historical turnover data with further consideration given to the class of the employees to whom the options were granted.

The assumptions used in the Black-Scholes option pricing model for the years ended December 31, 2011 and 2012 and for the six months ended June 30, 2013 are set forth in our consolidated financial statements included within this prospectus. The stock-based compensation expense includes stock options granted to employees and non-employees and has been reported in our consolidated financial statements as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2011(1)	2012	2012	2013
	(in thousands)			
Research and development expense	$ 1,019	$ 472	$ 236	$ 173
General and administrative expense	1,328	366	183	85
Total	$ 2,347	$ 838	$ 419	$ 258

(1) In March 2011, we exchanged outstanding options to purchase 1,921,894 shares of our common stock with exercise prices ranging from $1.88 to $4.69 per share, for new options to purchase the same number of shares of our common stock with an exercise price of $0.94 per share, which we deemed to represent the fair market value of the shares of our common stock as of December 31, 2010. The exchange was implemented because one of our product candidates, teplizumab, did not meet the primary efficacy endpoint in a Phase 3 clinical trial and our collaboration with Eli Lilly was subsequently terminated. We recognized compensation expense of $2.1 million related to this modification as of the exchange date.

Our board of directors has historically estimated the fair value of our common stock relying on contemporaneous valuations. The contemporaneous valuations were performed in accordance with applicable methodologies, approaches and assumptions of the technical practice-aid issued by the American Institute of Certified Public Accountants Practice Aid entitled *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, or the AICPA Practice Aid, and considered many objective and subjective factors to determine the common stock fair market value each valuation date. The following factors, among others, were considered:

- Our financial condition and operating results, including our projected results;

- Our stage of development and business strategy;

- The financial condition and operating results of publicly-owned companies with similar lines of business and their historical volatility;

- External market conditions that could affect companies in the life sciences and biotechnology sectors;

- The prices of our preferred stock sold to outside investors and the rights, preferences and privileges of our preferred stock as compared to those of our common stock, including the liquidation preference of our preferred stock;

- The likelihood of a liquidity event such as an initial public offering, a merger or the sale of our company; and
- Any recent valuations prepared in accordance with the AICPA Practice Aid.

The dates of our valuations have historically coincided with our year end and would therefore not always fall on the same dates as when options have been granted. However, we have historically granted the majority of our equity awards on an annual basis coinciding with the beginning of each calendar year. Therefore, our board of directors has historically used the valuation closest to the grant date of options granted in determining the exercise prices.

We considered several types of approaches in the preparation of our valuations as follows:

- *Market Approach*—The market approach values a business by reference to guideline companies, for which enterprise values are known. This approach has two principal methodologies. The guideline public company methodology derives valuation multiples from the operating data and share prices of similar publicly traded companies. The guideline acquisition methodology focuses on comparisons between the subject company and guideline acquired public or private companies.
- *Income Approach*—The income approach values a business based upon the future benefits that will accrue to it, with the value of the future economic benefits discounted back to a present value at an appropriate discount rate. This approach uses two methods to value an investment. The discounted cash flow analysis forecasts future revenues and free cash flow, or net operating profit after tax from continuing operations, associated with those revenues. The capitalization of earnings analysis uses a single year's estimated free cash flow and converts it into a value in one step by dividing free cash flow from operation by a capitalization rate.
- *Asset Approach*—The asset approach considers the underlying value of a company's individual assets net of its liabilities. This approach uses the most recent balance sheet as a basis for determining value.

In addition, we also considered several types of allocation methods as follows:

- *Current Value Method*—This method allocates the enterprise value of a company to its conversion value. The method assumes that each preferred shareholder will, at the valuation date, exercise its conversion rights in the manner that is most beneficial. If the conversion of a class of preferred stock into common stock would result in a value less than the total liquidation preference of that class, that class is considered to be "out of the money" and would not convert. On the other hand, if the value of the common stock would be greater than the liquidation preference of that class, the preferred stock is considered to be "in the money" and would convert.
- *Option-Pricing Method*—Under this method, each class of stock is modeled as a call option with a distinct claim on the enterprise value of the company. The option's exercise prices would be based on a comparison with the enterprise value. The method assumes that a formula, such as the Black-Scholes model, would calculate the fair value when provided with certain values, including share price, expiration date, volatility and the risk free interest rate.
- *Probability Weighted Expected Return Method*—Using the probability weighted expected return, or PWERM method, the value of a company's common stock is estimated based upon the analysis of future values for the company assuming various possible future liquidity events like an initial public offering, or IPO, sale or merger. Share value is based upon the probability-weighted present value of expected future net cash flows, considering each of the possible future events, as well as the rights and preferences of each share class.

The following table illustrates our stock option grant information from January 1, 2011 through August 31, 2013, including the estimated fair value of our common stock on the date of grant.

Grant Date	Number of Options Granted	Option Exercise Price	Estimated Fair Value of Common Stock
January 9, 2011	237,364	$ 0.94	$ 0.94
March 16, 2011	1,571	0.94	0.94
June 15, 2011	11,239	0.94	0.94
September 7, 2011	14,040	0.94	0.94
November 10, 2011	852	0.94	0.94
January 8, 2012	112,881	0.94	0.94
March 14, 2012	313,094	0.94	0.94
June 13, 2012	4,314	0.94	0.94
September 19, 2012	8,011	0.94	0.94
November 8, 2012	15,713	0.94	0.94
January 6, 2013	337,282	1.50	1.50
March 8, 2013	14,008	1.50	1.50
June 19, 2013	59,497	2.63	2.63
July 19, 2013	206,083	4.69	4.69
September 18, 2013	72,014	7.51	7.51

The intrinsic value of all outstanding vested and unvested options as of August 31, 2013 was $39.7 million based on an assumed public offering price of $15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and based on 2,898,753 shares of common stock issuable upon the exercise of options outstanding as of August 31, 2013 with a weighted average exercise price of $1.28 per share.

December 31, 2010 Valuation

We determined that the income approach was best suited to use for the December 31, 2010 valuation. We focused on determining the market value of our total capitalization. The market value of non-operating assets was added to determine the market value of the total common equity. We used the option pricing method as the allocation method. We utilized a long-term forecast that represented our best estimate of expected performance. We determined that a 14.71% cost of capital would be appropriate. We developed a long-term model that projected our product candidates' performance and potential commercialization over the next twenty years. We assumed that we would continue development of additional product candidates in our pipeline and generate revenue through commercialization of our product candidates or through collaborations. This normalized cash flow was then discounted back to a present value at the above mentioned cost of capital. The cost of capital utilized was 14.71%. The Company's capital structure did not contain any debt; therefore the weighted average cost of capital did not contain a cost of debt. We noted that the capital structure of 100% equity and 0% debt was comparable to the median capital structure of the guideline public companies of 99.6% equity and 0.4% debt. We determined the cost of capital utilizing the following inputs: (i) yield on a 20-year Treasury bond of 4.13% derived from the U.S. Federal Reserve website; (ii) market risk premium of 5.18% based upon Morningstar's publication "Stocks, Bonds, Bills, and Inflation: Valuation Edition 2010 Yearbook"; (iii) an unlevered beta of 1.00 based upon an analysis of betas of publicly-traded guideline companies, debt-to-equity ratios and tax rates; and (iv) a small stock premium of 5.4% based upon stocks in the 10th decile, including companies with market capitalizations ranging from $1.0 million to $214.1 million from Morningstar's publication "Stocks, Bonds, Bills and Inflation: Valuation Edition 2010 Yearbook." The total market value of our capital stock, based upon a discounted cash flow analysis, on a minority interest basis was approximately $74.0 million. We added free cash in the amount of $43.5 million and determined that the market value of total equity, on a marketable minority interest basis was approximately $117.5 million. Using the option pricing method approach, this value was then allocated among the preferred and common stock and we applied a discount rate of 30% to account for the lack of marketability of our common stock. We concluded that the fair value of our common stock was $0.94 per share at December 31, 2010.

Stock Option Grants from January 2011 to November 2011

Our board of directors granted options to purchase common stock on January 9, 2011, March 16, 2011, June 15, 2011, September 7, 2011 and November 10, 2011, with each option having an exercise price of $0.94 per share. In establishing this exercise price, our board of directors considered input from management, including the valuation we conducted of our common stock as of December 31, 2010, as well as the objective and subjective factors outlined above. At each grant date, our board of directors considered the events and circumstances most likely to affect the value of our common stock that occurred between December 2010 and the grant date, and whether those events and circumstances were part of the assumptions used in the December 2010 valuation. Our board of directors determined that there were no other events and circumstances that occurred between December 2010 and November 2011 that were indicative of a significant change in the fair value of our common stock. Based on these factors, our board of directors determined that the fair value of our common stock at January 9, 2011, March 16, 2011, June 15, 2011, September 7, 2011 and November 10, 2011 was $0.94 per share.

December 31, 2011 Valuation

We determined that the income approach was best suited to us for the December 31, 2011 valuation. We focused on determining the market value of total capitalization. The market value of non-operating assets was added to determine the market value of the total common equity. We used the option pricing method as the allocation method. We utilized a long-term forecast that represented our best estimates of expected performance. We determined that a 15.46% cost of capital would be appropriate. We developed a long-term model that projected our product candidates' performance and potential commercialization over the next twenty years. We assumed that we would continue development of additional product candidates in our pipeline and generate revenue through commercialization of our product candidates or though collaborations. This normalized cash flow was then discounted back to a present value at the above mentioned cost of capital. The total market value of our capital stock, based upon a discounted cash flow analysis, on a minority interest basis was approximately $61.6 million. We added free cash in the amount of $48.2 million and determined that the market value of total equity, on a marketable minority interest basis was approximately $109.8 million. Using the option pricing method approach, this value was then allocated among the preferred and common stock and applying a discount rate of 30% to account for the lack of marketability of our common stock. We concluded that the fair value of our common stock was $0.94 per share as December 31, 2011.

Stock Option Grants from January 2012 to November 2012

Our board of directors granted options to purchase common stock on January 8, 2012, March 14, 2012, June 13, 2012, September 19, 2012 and November 8, 2012, with each option having an exercise price of $0.94 per share. In establishing this exercise price, our board of directors considered input from management, including the valuation we conducted of our common stock as of December 31, 2011, as well as the objective and subjective factors outlined above. At each grant date, our board of directors considered the events and circumstances most likely to affect the value of our common stock that occurred between December 2011 and the grant date and whether those events and circumstances were part of the assumptions used in the December 2011 valuation. Our board of directors determined that there were no other events and circumstances that occurred between December 2011 and November 2012 that were indicative of a significant change in the fair value of our common stock. For example, although we entered into a collaboration agreement with Servier, the cash received offset cash used in operations between January 2012 and November 2012, and thus the value of the Company had not been altered significantly from December 2011. Based on these factors, our board of directors determined that the fair value of our common stock at January 8, 2012, March 14, 2012, June 13, 2012, September 19, 2012 and November 08, 2012 was $0.94 per share.

December 31, 2012 Valuation

We used the PWERM method to allocate the equity value to our common stock in the December 31, 2012 valuation. For the various scenarios, we utilized a combination of the market approach (e.g., consideration of pre-money IPO value indications from companies in the pharmaceutical and biotechnology industries with similar product candidates and at similar stages of clinical development) and the income approach (e.g., projected future cash flows) to determine the value of our business and ultimately the fair value of our common stock. The market approach was used to determine the fair value of the IPO scenarios as well as the merger or acquisition scenario and the income approach was used to determine the fair value of remaining private. We utilized the following probability-weighted scenarios to determine the equity value of our company:

Scenario	Probability
An IPO by second quarter 2013	5%
An IPO by fourth quarter 2013	15%
An IPO by first quarter 2014	15%
A merger or acquisition by fourth quarter 2014	10%
Remain private through the middle of 2015	55%

In this valuation, we incorporated IPO scenarios as this strategy was considered a possibility based on our stage of development and current market conditions. We believed that a second quarter 2013 IPO was unlikely given the tremendous effort required to file a registration statement and our lack of need for additional cash and therefore applied a 5% probability to this scenario. We determined that an IPO either in the fourth quarter of 2013 or first quarter of 2014 was somewhat more likely due to the progression of our lead product candidates and therefore applied a probability of 15% to each of those scenarios. We determined that the likelihood of a merger or acquisition was low based on the timing of availability of key clinical data and assigned a probability of 10% to that scenario. We determined that given our relatively low need to raise capital as a result of our collaboration agreements and anticipated milestone payments, the scenario most likely to occur would be to remain a private company and therefore assigned a probability of 55% to that scenario. We concluded that after applying a discount rate of 25.0% for lack of marketability, the value of our common stock as December 31, 2012 was $1.50 per share.

Stock Option Grants from January 2013 to March 2013

Our board of directors granted options to purchase common stock on January 6, 2013 and March 8, 2013, with each option having an exercise price of $1.50 per share. In establishing this exercise price, our board of directors considered input from management, including the valuation we conducted of our common stock as of December 31, 2012, as well as the objective and subjective factors outlined above. At each grant date, our board of directors considered the events and circumstances most likely to affect the value of our common stock that occurred between December 2012 and the grant date and whether those events and circumstances were part of the assumptions used in the December 2012 valuation. Our board of directors determined that there were no other events and circumstances that occurred between December 2012 and March 2013 that were indicative of a significant change in the fair value of our common stock. Based on these factors, our board of directors determined that the fair value of our common stock at January 6, 2013 and March 8, 2013 was $1.50 per share.

March 31, 2013 Valuation

Due to the market conditions for IPOs of biotechnology companies, we determined that obtaining a valuation of our common stock on a quarterly rather than annual basis was warranted in 2013. In the first of our quarterly valuations, we used the PWERM method to allocate the equity value to our common stock in the March 31, 2013 valuation. For the various scenarios, we utilized a combination of the market approach (e.g., consideration of pre-money IPO value indications from companies in the pharmaceutical and biotechnology industries with similar product candidates and at similar stages of clinical development) and the income approach

(e.g., projected future cash flows) to determine the value of our business and ultimately the fair value of our common stock. The market approach was used to determine the fair value of the IPO scenarios as well as the merger or acquisition scenario and the income approach was used to determine the fair value of remaining private. We utilized the following probability-weighted scenarios to determine the equity value of our company:

Scenario	Probability
An IPO by fourth quarter 2013	20%
An IPO by first quarter 2014	20%
A merger or acquisition by third quarter 2015	15%
Remain private through the end of 2015	45%

In this valuation, we believed that the possibility of a fourth quarter 2013 IPO or a first quarter 2014 IPO were equal, given that only two biotechnology companies had successfully completed IPOs from December 2012 to our board meeting in March 2013. Therefore we applied a 20% probability to each of those scenarios. Additionally, the value assigned to the FPO scenarios was increased as a result of the higher market values that were reflected by IPOs completed in March 2013 trading at premiums to the offering price. We determined that the likelihood of a merger or acquisition was low based on the timing of availability of key clinical data and assigned a probability of 15% to that scenario. We determined that given our relatively low need to raise capital as a result of our collaboration agreements and anticipated milestone payments, the scenario most likely to occur would be to remain a private company and therefore assigned a probability of 45% to that scenario. We concluded that after applying a discount rate of 20.0% for lack of marketability, the value of our common stock at March 31, 2013 was $2.63 per share.

Stock Option Grants from April 2013 to June 2013

Our board of directors granted options to purchase common stock on June 19, 2013, with each option having an exercise price of $2.63 per share. In establishing this exercise price, our board of directors considered input from management, including the valuation we conducted of our common stock as of March 31, 2013, as well as the objective and subjective factors outlined above. At the grant date, our board of directors considered the events and circumstances most likely to affect the value of our common stock that occurred between March 31, 2013 and the grant date and whether those events and circumstances were part of the assumptions used in the March 31, 2013 valuation. Our board of directors determined that there were no other events and circumstances that occurred between March 31, 2013 and June 19, 2013 that were indicative of a significant change in the fair value of our common stock. Based on these factors, our board of directors determined that the fair value of our common stock at June 19, 2013 was $2.63 per share.

June 30, 2013 Valuation

In this quarterly valuation, we again used the PWERM method to allocate value to our common stock as of June 30, 2013. For the various scenarios, we utilized a combination of the market approach (e.g., consideration of pre-money IPO value indications from companies in the pharmaceutical and biotechnology industries with similar product candidates and at similar stages of clinical development) and the income approach (e.g., projected future cash flows) to determine the value of our business and ultimately the fair value of our common stock. The market approach was used to determine the fair value of the IPO scenarios as well as the merger or acquisition scenario and the income approach was used to determine the fair value of remaining private. We utilized the following probability-weighted scenarios to determine the equity value of our company:

Scenario	Probability
An IPO by fourth quarter 2013	32.5%
An IPO by first quarter 2014	22.5%
A merger or acquisition by third quarter 2015	15.0%
Remain private through the end of 2015	30.0%

In this valuation, we believed that the possibility of a fourth quarter 2013 IPO was more probable than in previous valuations. This is due primarily to the recent market for biotechnology IPOs. We assigned a 32.5% probability to that scenario. While we determined that this was the most likely scenario, we assigned a 22.5% probability to an IPO in the first quarter of 2014. We determined that the likelihood of a merger or acquisition by the third quarter of 2015 was relatively low based on the timing of availability of key clinical data and assigned a probability of 15.0% to that scenario. We determined that given our relatively low need to raise capital as a result of our collaboration agreements and anticipated milestone payments, the scenario where we would remain a private company was more likely and therefore assigned a probability of 30.0% to that scenario. We concluded that after applying a discount rate of 15.0% for lack of marketability, the value of our common stock at June 30, 2013 was $4.69 per share.

Stock Option Grants in July 2013

Our board of directors granted options to purchase common stock on July 19, 2013, with each option having an exercise price of $4.69 per share. In establishing this exercise price, our board of directors considered input from management, including the valuation we conducted of our common stock as of June 30, 2013, as well as the objective and subjective factors outlined above. At the grant date, our board of directors considered the events and circumstances most likely to affect the value of our common stock that occurred between June 30, 2013 and the grant date and whether those events and circumstances were part of the assumptions used in the June 2013 valuation. Our board of directors determined that there were no other events and circumstances that occurred between June 30, 2013 and July 19, 2013 that were indicative of a significant change in the fair value of our common stock. Based on these factors, our board of directors determined that the fair value of our common stock at July 19, 2013 was $4.69 per share.

August 31, 2013 Valuation

In this valuation, we again used the PWERM method to allocate value to our common stock as of August 31, 2013. For the various scenarios, we utilized a combination of the market approach (e.g. , consideration of pre-money IPO value indications from companies in the pharmaceutical and biotechnology industries with similar product candidates and at similar stages of clinical development) and the income approach (e.g., projected future cash flows) to determine the value of our business and ultimately the fair value of our common stock. The market approach was used to determine the fair value of the IPO scenarios as well as the merger or acquisition scenario and the income approach was used to determine the fair value of remaining private. We utilized the following probability-weighted scenarios to determine the equity value of our company:

Scenario	Probability
An IPO by fourth quarter 2013	60.0%
An IPO by first quarter 2014	15.0%
A merger or acquisition by third quarter 2015	15.0%
Remain private through end of 2015	10.0%

In this valuation, we believed that given where we were in the IPO process and the recent activity of IPOs in our industry, the possibility of a fourth quarter 2013 IPO was much more probable than in previous valuations and therefore assigned a 60.0% probability to that scenario. While we determined that a fourth quarter 2013 IPO was the most likely scenario, we assigned a 15.0% probability to the scenario where an IPO is completed by the first quarter of 2014. We again determined that the likelihood of a merger or acquisition by the third quarter of 2015 was relatively low based on the timing of availability of key clinical data and assigned a 15.0% probability to that scenario. We determined that given our progress in the IPO process, the scenario to remain a private company through the end of 2015 was relatively low and assigned a 10.0% probability to that scenario. We concluded that after applying a discount rate of 12.5% for lack of marketability, the value of our common stock at August 31, 2013 was $7.51 per share.

Stock Option Grants in September 2013

Our board of directors granted options to purchase common stock on September 18, 2013, with each option having an exercise price of $7.51 per share. In establishing this exercise price, our board of directors considered input from management, including the valuation we conducted of our common stock as of August 31, 2013, as well as the objective and subjective factors outlined above. At the grant date, our board of directors considered the events and circumstances most likely to affect the value of our common stock that occurred between August 31, 2013 and the grant date and whether those events and circumstances were part of the assumptions used in the August 2013 valuation. Our board of directors determined that there were no other events and circumstances that occurred between August 31, 2013 and September 18, 2013 that were indicative of a significant change in the fair value of our common stock. Based on these factors, our board of directors determined that the fair value of our common stock at September 18, 2013 was $7.51 per share.

Determination of Estimated Offering Price

In June 2013, we selected underwriters for this offering. The midpoint of the preliminary range for this offering as determined by us and the underwriters was $15 per share. In comparison, our estimate of the fair value of our common stock was $7.51 per share as of the August 31, 2013 valuation. We note that, as typical in IPOs, the preliminary range was not derived using a formal determination of fair value, but was determined based upon discussions between us and the underwriters. Among the factors that were considered in setting this range were our prospects the general condition of the securities markets and the recent market prices of, and the demand for, publicly traded common stock of comparable companies.

We believe that the difference between the fair value of our common stock as of August 31, 2013 and the midpoint of the estimated price range for this offering is the result of these factors as well as the fact that the estimated IPO price range necessarily assumes that the IPO has occurred, a public market for our common stock has been created and our preferred stock has converted into common stock in connection with the IPO. The estimated IPO price range therefore excludes any discount for lack of marketability of our common stock and any consideration of the preferences of our convertible preferred stock, which we factored into August 31, 2013 contemporaneous valuation.

In addition, since the time of the August 31, 2013 valuation, our product candidates have continued to progress through clinical and pre-clinical development, including achievement of additional partial responses in our margetuximab Phase 1 clinical trial, and we have had further discussion with the FDA regarding our development plans for a potential Phase 3 clinical trial of margetuximab in gastroesophageal cancer; we received a $10 million milestone payment for dosing a first patient in the dose expansion portion of our MGA271 Phase 1 clinical trial; we have generated additional supportive pre-clinical data for multiple proprietary as well as partnered DART-based programs; and finally, other clinical-stage oncology companies, including those with differentiated technology platforms, have gone public during this time. Further, these companies have continued to increase in market value that continues to raise the estimated enterprise value when using the market approach in our IPO assumption.

On September 25, 2013, we and our underwriters agreed upon the estimated price range for this offering, as set forth on the cover page of this prospectus. The midpoint of the price range is $15.00 per share. In comparison, our estimate of the fair value of our common stock was $7.51 per share as of September 18, 2013. We note that, as is typical in initial public offerings, the estimated price range for this offering was not derived using a formal determination of fair value, but factors including our prospects and the history of and prospects for our industry, the general condition of the securities markets and the recent market prices of, and the demand for, publicly-traded common stock of generally comparable companies. In addition, at the time these awards were made, we and our underwriters had not yet agreed upon a definitive proposed price range for the initial public offering. Specifically, we believe that the difference between the fair value of our common stock as of

September 18, 2013 and the midpoint of the estimated price range for this offering is primarily the result of the following factors:

- We commenced preparations to launch a roadshow for this offering;
- The August 31, 2013 contemporaneous valuation used a probability weighting of 60% that the IPO would occur in the fourth quarter of 2013. However, our discussions in September 2013 with the underwriters took into account positive overall market conditions and the market for initial public offerings particularly for biopharmaceutical companies, and confirmed our and our underwriters' expectations that we would complete our initial public offering during the fourth quarter of 2013;
- During the month of September, and subsequent to our last valuation, the NASDAQ Biotechnology Index has increased by more than 6.3%. During this time, there have been five biotechnology IPOs, including Five Prime Therapeutics, Inc., Acceleron Pharma, Inc., BIND Therapeutics, Inc., Ophthotech Corporation and Foundation Medicine, Inc. Of these, all but one have traded significantly higher than their IPO price, representing an average increase of 36%. In addition, the average equity market value of biotechnology companies at IPO was $295 million for those companies that went public from January 1, 2013 to August 31, 2013 (excluding Intrexon, which is deemed to not be comparable). In the subsequent period beginning September 1, 2013 and ending September 26, 2013, the average equity market value of biotechnology companies at the time of IPO was $408 million for companies that went public, representing an increase of 38% over those that went public in the prior 8-month period;
- The estimated initial public offering price range necessarily assumes that the initial public offering has occurred, a public market for our common stock has been created and that our preferred stock converted into common stock in connection with the initial public offering, and therefore excludes any discount for lack of marketability of our common stock, which was factored in our valuations;
- Upon the closing of this offering, all outstanding shares of our preferred stock will convert into common stock, thus eliminating the superior rights and preferences of our preferred stock as compared to our common stock; and
- The completion of this offering would provide us with access to the public company debt and equity markets. These projected improvements in our financial position influenced the increased common stock valuation indicated by the midpoint of the estimated price range shown on the cover of this prospectus.

JOBS Act

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements under the JOBS Act. Subject to certain conditions, as an emerging growth company, we may rely on certain of these exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an

emerging growth company until the earlier of (i) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of the completion of this offering; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission.

Results of Operations for the Six Months Ended June 30, 2012 and 2013

Research and Development Revenue

The following represents a comparison of our research and development revenue for the six months ended June 30, 2012 and 2013:

	Six Months Ended June 30,		Increase/(Decrease)	
	2012	2013		
	(dollars in millions)			
Revenues:				
Revenue from collaborative research	$34.8	$ 22.0	$ (12.8)	(37)%
Grant revenue	3.2	1.0	(2.2)	(69)
Total revenues	$38.0	$ 23.0	$ (15.0)	(39)%

The decrease in collaboration revenue of $15.0 million from the six months ended June 30, 2012 to the same period in 2013 is primarily due to the conclusion of the teplizumab clinical trial related reimbursement from our former collaborator, Eli Lilly. Aside from reimbursing us for the continued monitoring expense of one on-going trial, Eli Lilly's participation in the teplizumab development concluded in the first quarter of 2013. In addition, we have experienced a reduction in the amount of revenue from our government grants in the first half of 2013 as compared to the same period in 2012. This is due primarily to the completion of grants to study H5N1 influenza virus, small pox and West Nile virus.

Research and Development Expense

The following represents a comparison of our research and development expense for the six months ended June 30, 2012 and 2013:

	Six Months Ended June 30,		Increase/(Decrease)	
	2012	2013		
	(dollars in millions)			
Research and development expense				
Margetuximab	$ 3.0	$ 3.1	$ 0.1	3%
MGA271	2.4	3.6	1.2	50
DART-based product candidates	5.1	10.6	5.5	108
Teplizumab	9.4	1.2	(8.2)	(87)
Other discovery and pre-clinical programs, collectively	5.1	2.6	(2.5)	(49)
Total research and development expense	$25.0	$ 21.1	$ (3.9)	(16)%

During the six months ended June 30, 2013, as compared to the same period in 2012, our research and development expense decreased overall by $3.9 million. This was due primarily to the reduction in spending on teplizumab related clinical development as we ended trial enrollment and began closing down the trials during this period. In addition, we significantly reduced our CSLC related activities. These decreases were partially offset by an increase in spending on MGA271 and our various DART-based product candidates.

General and Administrative Expense

The following represents a comparison of our general and administrative expense for the six months ended June 30, 2012 and 2013:

	Six Months Ended June 30,		Increase/(Decrease)	
	2012	2013		
	(dollars in millions)			
General and administrative expense	$5.1	$ 5.3	$ 0.2	4%

General and administrative expense for the six months ended June 30, 2013 was $0.2 million higher than the same period in 2012 primarily due to an increase in patent filing and related legal expenses.

Results of Operations for the Years Ended December 31, 2011 and 2012

Research and Development Revenue

The following represents a comparison of our research and development revenue for the years ended December 31, 2011 and 2012:

	Year Ended December 31,		Increase/(Decrease)	
	2011	2012		
	(dollars in millions)			
Revenues:				
Revenue from collaborative research	$47.0	$ 59.6	$ 12.6	27%
Grant revenue	10.2	4.2	(6.0)	(59)
Total revenues	$57.2	$ 63.8	$ 6.6	12%

Collaboration revenue was $12.6 million higher for the year ended December 31, 2012 compared to the year ended December 31, 2011 primarily due to two Servier collaborations signed in late 2011 and late 2012. Grant revenue decreased as our contract with the U.S. government to develop a monoclonal antibody for the treatment of West Nile Virus ended in September 2011.

Research and Development Expense

The following represents a comparison of our research and development expense for the years ended December 31, 2011 and 2012:

	Year Ended December 31,		Increase/(Decrease)	
	2011	2012		
	(dollars in millions)			
Research and development expense				
Margetuximab	$ 6.3	$ 6.1	$ (0.2)	(3)%
MGA271	5.1	6.7	1.6	31
DART-based product candidates	7.3	12.0	4.7	64
Teplizumab	8.8	14.6	5.8	66
Other discovery and pre-clinical programs, collectively	13.6	6.0	(7.6)	(56)
Total research and development expense	$41.1	$ 45.4	$ 4.3	10%

Expenditures in research and development increased by $4.3 million overall from the year ended December 31, 2011 to the year ended December 31, 2012. This was due to the following:

- Increased spending in support of the MGA271 Phase 1 clinical trial;
- Increased spending on toxicology related studies and increased efforts on our DART-based product candidates as a result of additional collaborations; and
- Despite ceasing enrollment on teplizumab-related clinical trials, we continued to follow the patients for an additional 18 months and closed down the trials in late 2012.

These increases were partially offset by:

- Completion of our contract with the U.S. government to study West Nile Virus that resulted in a reduction in spending; and
- Reduced spending on our CSLC efforts.

General and Administrative Expense

The following represents a comparison of our general and administrative expense for the years ended December 31, 2011 and 2012:

	Year Ended December 31,		Increase/(Decrease)	
	2011	2012		
	(dollars in millions)			
General and administrative expense	$10.9	$ 10.2	$ (0.7)	(6)%

The decrease in general and administrative expense of $0.7 million is due primarily to reduced patent filing and related legal expense, which was partially offset by an increase in the amount of bonuses paid in the year ended December 31, 2012. Additionally, we realized a savings from a consolidation of personnel from three to two facilities in Rockville, Maryland.

Cash Flows

The following table represents a summary of our cash flows for the years ended December 31, 2011 and 2012 and the six months ended June 30, 2013:

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
	(dollars in millions)			
Net cash provided by (used in):				
Operating activities	$ 6.8	$ (6.6)	$ (18.0)	$ (13.8)
Investing activities	(0.5)	(0.9)	(0.2)	(0.9)
Financing activities	12.1	0.0	0.0	0.7
Net increase (decrease) in cash and cash equivalents	$ 18.4	$ (7.5)	$ (18.2)	$ (14.0)

Operating Activities

Net cash used in operating activities reflects, among other things, the amounts used to run our clinical trials and perform toxicology studies. The differences between the year ended December 31, 2011 and 2012 were primarily due to the upfront fees received from our collaborators. The primary difference between the six months ended June 30, 2012 and 2013 was due to the recognition of upfront fees and accounts receivable due from our collaborators. The decrease in accounts payable from the year ended December 31, 2011 to the year ended December 31, 2012 and from the six months ended June 30, 2012 to the six months ended June 30, 2013, is due to the fluctuation in payments due to clinical research organizations. Specifically, we ceased enrollment of the teplizumab trial in late 2011. While we did continue to incur costs under this trial, we were no longer enrolling new patients and the costs significantly decreased from the prior year.

Investing Activities

Net cash used in investing activities in all periods was primarily due to the acquisition of additional lab equipment needed to further our research and development activities.

Financing Activities

Other than stock option exercises, we had no financing activity in the six months ended June 30, 2013 or 2012 and in the year ended December 31, 2012. However, during the year ended December 31, 2011 we sold 18.4 million shares of Series D-2 preferred stock to our collaborators for net proceeds of $12.0 million.

Liquidity and Capital Resources

Since our inception through June 30, 2013, we have raised an aggregate of $547.4 million to fund our operations. Of this total amount, we have received $151.3 million from the sale of preferred stock, $341.8 million from our collaborators, including payments in the form of upfront, milestone and annual maintenance payments and reimbursement for research and development services performed, and $54.3 million from government grants and contracts. As of June 30, 2013, we had $33.8 million in cash and cash equivalents. Subsequently, we received a $10 million milestone payment in August 2013.

In addition to our existing cash and cash equivalents, we expect to continue to receive additional reimbursement from our collaborators for research and development services rendered, additional milestone payments, annual license maintenance payments and grant revenue. However, our ability to receive these milestone payments is dependent upon our ability to achieve certain levels of research and development activities and is therefore uncertain at this time.

Funding Requirements

We have not generated any revenue from product sales to date and do not expect to do so until such time as we obtain regulatory approval of and commercialize one or more of our product candidates. As we are currently in the clinical trial stage of development, it will be some time before we expect to achieve this and it is uncertain that we ever will. We expect that we will continue to increase our operating expenses in connection with ongoing as well as additional clinical trials and pre-clinical development of product candidates in our pipeline. We expect to continue our collaboration arrangements and will look for additional collaboration opportunities. We also expect to continue our efforts to pursue additional grants and contracts from the U.S. government in order to further our research and development. Based upon our current operating plan, we anticipate that the net proceeds from this offering, together with our existing cash and cash equivalents, and a significant portion of the $100 million in collaboration payments we anticipate receiving through 2015, will enable us to fund the clinical development of margetuximab, MGA271, MGD006, MGD007 and MGD010 through 2015, assuming all of our collaboration programs advance as currently contemplated.

Contractual Obligations and Contingent Liabilities

The following table represents future minimum operating lease payments under noncancelable operating leases as of June 30, 2013:

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
		(in millions)		
Operating Leases	$ 3.4	$ 6.8	$ 6.7	$ 1.3

Our current obligations and contingent liabilities are limited to the operating leases at our three facilities, including two in Rockville, Maryland and one in South San Francisco, California.

In connection with an Asset Purchase Agreement with Tolerance Therapeutics, Inc., or Tolerance, entered into in June 2005, we may be required to give Tolerance additional consideration as follows: (i) a maximum of $10.9 million if certain milestones are met, including the initiation of Phase 3 trials and the filing of various regulatory product license applications; (ii) 36,135 shares of our common stock; and (iii) royalty payments between 1.75% and 4.0% of net sales of products acquired from or patented by Tolerance or other product fees earned by us.

In July 2008, we acquired Raven Biotechnologies, or Raven. The Raven purchase agreement provides for certain contingent payments that are based on the achievement of development and commercialization activities for product candidates derived from the acquired Raven technology. We are required to make a onetime payment of $5.0 million to the former Raven stockholders upon the initiation of patient dosing in the first Phase 2 clinical trial of any product derived from the Raven cancer stem cell program. No payment shall be made if the Phase 2 trial start date has not occurred on or before July 15, 2018. Other consideration includes a percentage of revenue (excluding consideration for research and development, equity and certain cost reimbursements) we may receive for each license of a product candidate derived from the Raven cancer stem cell program. The revenue percentage in each case is based upon the execution date of the subject license. No consideration is owed for licenses executed after July 16, 2018. There is additional contingent consideration of one time payments of $8 million and $12 million, which depend upon the achievement of a specified level of sales of a product derived from the Raven cancer stem cell program. At our sole discretion, each payment can be made in cash, common stock or a combination thereof.

The contractual obligations table does not include any potential future payments we may be required to make under our Asset Purchase Agreement with Tolerance or the purchase agreement with Raven. Due to the uncertainty of the achievement and timing of the events requiring payment under that agreement, the amounts to be paid by us are not fixed or determinable at this time.

Off-Balance Sheet Arrangements

We have never entered into any off-balance sheet arrangements, as defined under the rules and regulations of the Securities and Exchange Commission.

Tax Loss Carryforwards

We are already subject to Section 382 limitations due to an acquisition we made in 2008. As of December 31, 2012, we had federal NOL carryforwards of $100.9 million, state NOL carryforwards of $64.2 million and research and development tax credit carryforwards of $21.8 million available. Future changes in stock ownership, including resulting from this offering, may also trigger an ownership change and, consequently, another Section 382 limitation. Any limitation may result in expiration of a portion of the net operating loss or tax credit carryforwards before utilization which would reduce our gross deferred income tax assets and corresponding valuation allowance. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards and tax credit carryforwards to reduce United States federal income tax may be subject to limitations, which could potentially result in increased future cash tax liability to us.

Recent Accounting Pronouncements

In May 2011, FASB issued ASU No. 2011-04, which amended ASC Topic 820 to achieve common fair value measurements and disclosure requirements in U.S. GAAP and International Financial Reporting Standards, or IFRS. The amendments in ASU No. 2011-05 result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRS. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This amendment is effective for fiscal years, beginning after December 15, 2011. The adoption of this amendment did not have a material impact on our consolidated financial statements for the year ended December 31, 2012.

In June 2011, the FASB issued ASU No. 2011-05, which amended ASC Topic 220 regarding presentation of comprehensive income. The amendments in ASU No. 2011-05 require that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. This amendment is effective for fiscal years beginning after December 15, 2011. The adoption of this amendment did not have a material impact on our consolidated financial statements for the year ended December 31, 2012.

We evaluated all ASUs through the date the consolidated financial statements were issued and believe that the adoption of these will not have a material impact on our consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk

Our primary objective when considering our investment activities is to preserve capital in order to fund our operations. As of June 30, 2013, we had cash and cash equivalents of $33.8 million, of which $29.0 million was invested in money market funds. Our primary exposure to market risk is related to changes in interest rates and our current investment policy is to invest principally in deposits and securities issued by the U.S. government and its agencies and money market instruments. We do not believe that our cash and cash equivalents have significant risk.

BUSINESS

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing innovative monoclonal antibody-based therapeutics for the treatment of cancer and autoimmune diseases. We generate our pipeline of product candidates from our proprietary suite of next-generation antibody technology platforms, which we believe improve the performance of monoclonal antibodies and antibody-derived molecules. These product candidates, which we have identified through our understanding of disease biology and immune-mediated mechanisms, may address disease-specific challenges which are not currently being met by existing therapies. We create both differentiated molecules that are directed to novel cancer targets, as well as "bio-betters," which are drugs designed to improve upon marketed medicines. The combination of our technology platforms and antibody engineering expertise has allowed us to generate promising product candidates and enter into several strategic collaborations with global pharmaceutical and biotechnology companies. These collaborations provide us with funding and allow us to leverage the additional expertise of these collaborators to advance the development of our product candidates.

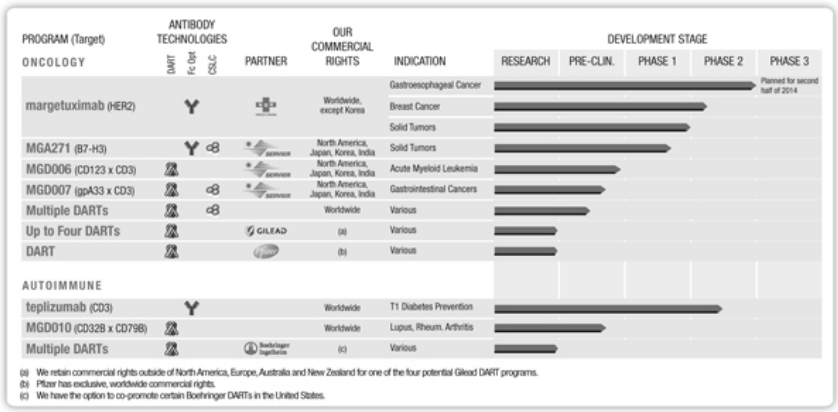
We have three versatile, proprietary technology platforms consisting of: (1) our Dual Affinity Re-Targeting, or DART, platform, which enables the targeting of multiple antigens or cells by using a single molecule with an antibody-like structure, and also includes the ability to recruit any T cell in a patient's body to destroy targeted cancer cells; (2) our Fc Optimization platform, which enhances the body's immune system to mediate the killing of cancer cells through a mechanism called antibody-dependent cellular cytotoxicity, or ADCC, in which antibodies and immune cells cooperate to destroy targets such as tumor cells; and (3) our Cancer Stem-like Cell, or CSLC, platform, which provides a unique discovery tool to identify cancer targets shared both by tumor-initiating cells and the differentiated cancer cells derived from them. These versatile technology platforms can be applied in combination with one another to custom-design an antibody or antibody-derived molecule that is optimized to treat a specific disease.

Antibodies, which are proteins produced by specialized cells of the body's immune system usually in response to foreign substances, such as bacteria and viruses, or to cancer cells, serve as the primary resource for our product candidates. Many of our cancer product candidates are derived from our library of over 1,900 purified antibodies. Our antibodies are targeted to more than 70 different antigens, or components of the foreign substance that induce the production of antibodies, expressed on the surface of cancer cells. In addition, we continue to generate new antibodies for our library using our proprietary CSLC lines and soluble protein antigens.

We initially select a specific antibody based on its functional properties related to a disease target as well as its distribution on tissues in the body. We then utilize one or more of our technology platforms for engineering and optimizing our product candidate. We believe our approach allows us to take advantage of the enhanced properties of an engineered antibody or antibody-derived molecule to kill cancer cells and to interfere with autoimmune diseases more effectively than a wild type, or non-engineered, monoclonal antibody. Our methods for improving the effectiveness of antibodies include the following: enhancing the body's immune system, targeting multiple antigens on the surface of the same target cell, increasing the strength of the binding of an antibody to its antigen targets, and reducing the likelihood of an unwanted immune response to the antibody or antibody-derived molecule. We believe our differentiated product candidates have the potential to provide new approaches to treat cancer, autoimmune disorders and other complex diseases.

We currently have two oncology product candidates in clinical development. Additionally, we have several proprietary product candidates in pre-clinical development and we expect to commence Phase 1 clinical trials on two of these product candidates in 2014. We believe the profile of our compounds provides us with the flexibility to pursue either monotherapy or combination therapy, depending on disease characteristics, current standards of care, and overall safety, tolerability, and efficacy of specific regimens.

The table below depicts the current status of our product candidates:



- *Margetuximab*, also known as MGAH22, is a monoclonal antibody that targets HER2-expressing tumors, including breast, gastroesophageal, bladder and other cancers. HER2, or human epidermal growth factor receptor 2, is critical for the growth of many types of tumors. Using our Fc Optimization platform, we have engineered the constant region, or Fc region, of margetuximab to enhance the antibody's ability to kill tumor cells expressing lower levels of HER2 than that of currently approved anti-HER2 agents (such as Herceptin) and also to increase margetuximab's ability to kill tumor cells through ADCC. We designed margetuximab to benefit a large sub-group of patients, which represents 80% or more of the overall population whose Fc receptors, or FcgRs, expressed on immune cells bind less effectively to currently available antibodies that have not been optimized by our technology. Margetuximab represents a new class of bio-betters that may potentially help larger HER2+ patient populations than those treated with current HER2 therapies, as well as improve the outcomes for patients who would be eligible for other HER2 targeted drugs and drug candidates. Phase 1 data from our open-label, dose escalation trial of margetuximab presented at the June 2013 Annual Meeting of the American Society of Clinical Oncology, or ASCO, demonstrated anti-tumor activity had been observed at a range of doses tested, including the lowest dose level of margetuximab, even in patients who were heavily pre-treated (frequently including with other anti-HER2 agents). We currently are enrolling a Phase 2a clinical trial in metastatic breast cancer and anticipate commencing a Phase 3 potential registration clinical trial in advanced gastroesophageal cancer in the second half of 2014.

- *MGA271* is an Fc-optimized monoclonal antibody that targets B7-H3, a member of the B7 family of molecules which are involved in immune regulation, and is over-expressed on a wide variety of solid tumor types. MGA271 represents one of the few novel molecules that may provide relief from immune checkpoint inhibition by releasing a restraint, or brake, on the anti-tumor immune response. Inhibition of immune checkpoints has been shown to have powerful anti-tumor effects in several solid tumor types. For example, in presentations by others at ASCO and in publications in the *New England Journal of Medicine*, complete or partial tumor regression was observed in patients with certain cancers who participated in clinical trials of antibodies targeting CTLA4, PD-1 and PD-L1, which are also members of the B7 family or their associated checkpoint receptors on T cells. We have engineered MGA271 to utilize the same Fc Optimization enhancements that we

incorporated in margetuximab, and to target the over-expression of B7-H3 on differentiated tumors and CSLCs, as well as on the supporting tumor vasculature and underlying tissues. MGA271 is designed to destroy all of these components of the cancer in addition to reducing its inhibitory properties on T cells. We have initiated a Phase 1 clinical trial that we expect to complete by the end of 2014. We plan to initiate a Phase 2 clinical trial no later than early 2015.

- *MGD006* is a humanized DART molecule that recognizes both CD123 and CD3. CD123, the Interleukin-3 receptor, or IL3R, alpha chain is expressed on leukemia and leukemic stem cells, but not on normal hematopoietic stem cells. T cells, which express CD3, can destroy tumor cells. In pre-clinical studies, we have demonstrated the ability of MGD006 at extremely low doses to recruit, activate, and expand T cell populations to eliminate leukemia cells. We expect to commence a Phase 1 clinical trial of MGD006 in the first half of 2014.

- *MGD007* is a humanized DART molecule that recognizes both the glycoprotein gpA33 and CD3. gpA33 is expressed on gastrointestinal tumors, including more than 95% of human colon cancers. We have demonstrated that this molecule is able to mediate T cell killing of gpA33-expressing cancer cells and CSLCs in pre-clinical experiments. We expect to commence a Phase 1 clinical trial of MGD007 in the second half of 2014.

We pursue a balanced approach between product candidates that we develop ourselves and those that we develop with our collaborators. Under our current strategic collaborations we have received approximately $106 million in non-equity funding over the three year period ended June 30, 2013. Under these agreements we are entitled to receive substantial milestone and other payments, including over $100 million of potential payments that we believe are likely to be received by the end of 2015, assuming all of our collaboration programs advance as currently contemplated. Our collaborators include:

- *Servier*. In November 2011, we entered into a collaboration agreement with Servier under which we granted Servier an option to obtain an exclusive license to develop and commercialize MGA271 in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. We have received a $20 million option grant fee and a $10 million milestone payment upon dosing the first patient in the expansion cohort of our Phase I clinical trial of MGA271, and may be eligible to receive up to approximately $415 million in license grant fees, and clinical, development, regulatory and sales milestone payments if Servier exercises the option, obtains regulatory approval for, and successfully commercializes an MGA271 licensed product. In the event Servier exercises its option, Servier must pay a license grant fee, which we estimate to be $30 million, based on the number of different indications represented within the planned Phase 1 patient population. We and Servier will share Phase 2 and Phase 3 development costs.

  In September 2012, we entered into a second agreement with Servier and granted it options to obtain three separate exclusive licenses to develop and commercialize DART-based molecules, consisting of those designated by us as MGD006 and MGD007, as well as a third DART-based molecule, in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. We received a $20 million option grant fee. In addition, we will be eligible to receive up to approximately $1 billion in additional license grant fees, and clinical, development, regulatory and sales milestone payments if Servier exercises all three of its options and successfully develops, obtains regulatory approval for, and commercializes a product under each license, including $5 million upon IND acceptance for each of MGD006, MGD007 and a third DART molecule. In addition to these milestones, we and Servier will share Phase 2 and Phase 3 development costs.

  Additionally, under both agreements, Servier would be obligated to pay us low doublt digit to mid-teen royalties on product sales in its territories.

- *Gilead.* In January 2013, we entered into an agreement with Gilead to grant it an exclusive worldwide license to research, develop and commercialize up to four DART-based molecules. Gilead has exclusive worldwide rights for three of the programs. For one program, we retain development and commercialization rights outside of North America, the European Union, Norway, Iceland, Turkey, Australia and New Zealand. We received an initial $7.5 million license grant fee for the first DART-based molecule, and are eligible to receive up to an additional $22.5 million in grant fees on the remaining three DART-based molecules. We are further eligible to receive up to an additional $85 million in pre-clinical milestones across the four DART programs and up to approximately $1 billion in additional clinical, regulatory and sales milestone payments if Gilead exercises all four of the options and achieves all of the requisite milestones under each option and license. Gilead also provides funding for our internal and external research costs under the agreement. We are also eligible to receive tiered royalties on the net sales at percentages ranging from the high-single digits to the low double digits, but less than teens, subject to reductions in specified circumstances.

- *Boehringer*. In October 2010, we entered into an agreement with Boehringer to discover, develop and commercialize up to ten DART-based molecules which may span multiple therapeutic areas. We granted Boehringer an exclusive worldwide, royalty-bearing, license and received an upfront payment of $15 million. We subsequently received two annual maintenance payments and anticipate receiving a third annual maintenance payment in the fourth quarter of 2013. We have the potential to earn development, regulatory and sales milestone payments that can reach up to approximately $210 million for each of the DART programs under this agreement. Boehringer provides funding for our internal and external research costs and is required to pay us mid-single digit royalties on product sales. Boehringer purchased $10 million of our Series D-2 Preferred Stock in January 2011.

- *Pfizer.* In October 2010, we entered into a three year agreement with Pfizer to discover, develop and commercialize up to two DART-based molecules. We granted Pfizer a non-exclusive worldwide, royalty-bearing license and received upfront and milestone payments and funding for our internal and external research costs under the agreement. We are eligible to receive technical, development and sales milestone payments that can reach up to approximately $210 million for each DART program under this agreement. Pfizer is responsible for all pre-clinical and clinical development costs for the program. In addition, Pfizer is required to pay us mid-single digit to low-teen royalties on product sales. Under this collaboration, one DART program is currently being pursued and we will complete our research obligations under this program in January 2014.

We currently manufacture all of the drug substance for research and development efforts for all of our product candidates in-house. Drug substance for all of our clinical trials is manufactured using current good manufacturing practices, or cGMP, at our manufacturing facility, located in Rockville, Maryland. We contract with vendors to provide fill finish manufacture of drug product. We currently have capacity to produce Phase 2 material for our antibody product candidates and all clinical and commercial material for our DART therapeutics. We intend to enter into agreements with contract manufacturing organizations to supplement our clinical supply and internal capacity as we advance additional pre-clinical candidates into clinical development.

Our Strategy

Our goal is to be a leader in the discovery, development and commercialization of antibody-based therapeutics for the treatment of patients with cancer, autoimmune disorders and other complex diseases.

Key elements of our strategy to achieve this goal are to:

- *Rapidly and concurrently advance our clinical oncology product candidates in multiple tumor types.* We intend to pursue the fastest feasible pathways to approval and to address large, underserved markets. We are developing product candidates that we believe could address disease

specific challenges which are not currently being met by existing therapies. We are currently enrolling a Phase 2a clinical trial of margetuximab in metastatic breast cancer for which we expect to have results in 2014. We anticipate commencing a Phase 3 potential registration clinical trial of margetuximab in advanced gastroesophageal cancer in the second half of 2014. We are currently enrolling the dose-expansion portion of a Phase 1 clinical trial of MGA271 as a single-agent in the treatment of 45 patients with solid tumors, including: 15 patients with melanoma; 15 patients with prostate cancer and an additional group of 15 patients with other solid tumor types. Servier has indicated that it intends to evaluate MGA271 in up to 90 additional cancer patients representing additional types of cancers beginning in the fourth quarter of 2013. We intend to assess and prioritize future indications for MGA271 clinical trials based on data from these cohorts and determine the best path forward to potential commercialization. In addition, we are currently optimizing multiple DART therapeutics as candidates for clinical development. We anticipate that we will begin Phase 1 clinical trials of MGD006, our first DART candidate, in the first half of 2014, and MGD007, our second DART candidate, in the second half of 2014.

- *Leverage collaborative relationships.* We have multiple programs in development under our collaborations and are working closely with our collaborators to advance these programs. We believe that these collaborations help to validate and rapidly advance our discovery efforts, technology platforms, and product candidates while providing significant funding to advance our pipeline and access the development and commercial expertise of our collaborators. To facilitate the capital-efficient development and commercialization of our proprietary programs, we intend to enter into additional collaboration agreements with biopharmaceutical companies. We anticipate that we would structure these collaborations in ways that would allow us to retain development and commercialization rights in key markets.

- *Create new product candidates that combine the potency and target selectivity of our DART and Fc Optimization technologies with small molecule and toxin conjugation technologies*. We are working with several companies to combine their proprietary linkers and drug conjugates with our monoclonal antibodies. We believe that such linkers and drug conjugates can be combined with the selective targeting properties of our DART technology and the enhanced immune activities of our Fc Optimization technology. Our goal is to identify and further develop new clinical candidates, either antibody-drug conjugates, or ADCs, or DART-drug conjugates, through these research efforts.

- *Establish commercialization and marketing capabilities in the United States*. We have retained commercialization rights in the United States for our clinical stage programs as well as the three DART programs that we are developing in collaboration with Servier. We intend to build a targeted specialty sales force and marketing capabilities in the United States to commercialize our product candidates that receive regulatory approval.

- *Strengthen our leadership position in fully integrated antibody engineering and development capabilities.* We have built a powerful and fully integrated set of capabilities that are critical to our ability to discover, optimize and develop antibody-based therapeutic product candidates in a rapid and efficient manner. We intend to build on our technology platforms, methods and know-how that comprise our capabilities in order to expand our product pipeline. Our goal is to file one or more new investigational new drug applications, or INDs, annually for the next several years.

Background

Immune System and Antibodies

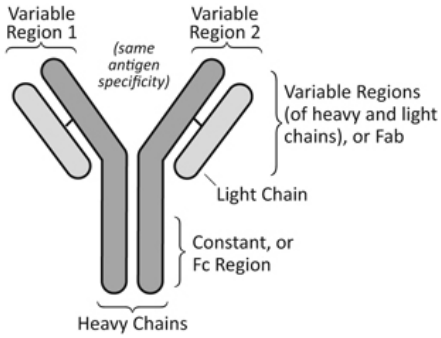
The immune system, composed of both innate and adaptive elements, defends against invading pathogens such as viruses, parasites, and bacteria, and provides surveillance against cancers. The adaptive immune system includes:

- B cells, which mature into plasma cells and produce antibodies;
- Helper T cells, including those that enable, or help, the B cells to produce antibodies; and
- Cytotoxic T cells, which can destroy tumor cells or cells infected with viruses.

T cells and B cells (and the antibodies derived from the mature B cell) of this adaptive immune system respond to small structural differences found, for example, on a cancer cell. This normally imparts exquisite specificity on these individual immune components. As a result, billions of different structural variants can be recognized by the adaptive immune system, but each individual T cell or B cell or antibody can only bind and respond to a single structure or molecule.

As shown in the following illustration, the antibody is a Y-shaped molecule that has two identical variable regions at the tip of the arms of the antibody (Fab region), which bind to antigens, and a constant region (Fc), as its opposite end that binds to F*cy*Rs.

Monoclonal Antibody Structure



An antibody's structure is amenable to engineering either the variable regions to improve its strength of target recognition or affinity, or the constant regions to modify its engagement and collaboration with other components of the immune system, or both. The two variable region arms naturally target the same antigen; however, they can be artificially engineered to target two different antigens, allowing the creation of a bi-specific antibody. The Fc region can bind, recruit and activate immune cells to amplify the immune response to targets bound by the variable region of the antibody molecule. The Fc region can be modified to enhance the engagement with other immune cells and increase the potency of the immune response.

Therapeutic monoclonal antibodies are typically derived from natural antibodies and are obtained from immune cells of mammals that have been immunized with a desired antigen and are all clones of the unique

parent cell. The antibody's ability to bind specifically to a target or antigen is also referred to as its specificity. Using this mechanism, antibodies can tag foreign substances for attack by other immune system cells or neutralize the targets directly. In treating diseases such as cancer, researchers find antigens specific to cancer cells and create antibodies that bind those antigens to use the body's immune system to destroy these cancer cells.

Monoclonal antibodies are typically produced in mice and although they are relatively easy to generate, they can have drawbacks as targeted therapeutics. The major drawback is that a mouse monoclonal antibody is recognized by the human immune system as a foreign target and therefore, the immune system attacks the antibody, rendering it useless against its intended target. Many advances have been made to genetically engineer and humanize monoclonal antibodies. In addition, fully human antibodies can be created, which also significantly reduce newly generated immune responses in patients treated with monoclonal antibodies.

Cancer

Cancer is a broad group of diseases in which cells divide and grow in an uncontrolled fashion, forming malignancies that can invade other parts of the body. In normal tissues, the rates of new cell growth and cell death are tightly regulated and kept in balance. In cancerous tissues, this balance is disrupted as a result of mutations, causing unregulated cell growth that leads to tumor formation and growth. While tumors can grow slowly or rapidly, the dividing cells will nevertheless accumulate and the normal organization of the tissue will become disrupted. Cancers subsequently can spread throughout the body by processes known as invasion and metastasis. Once cancer spreads to sites beyond the primary tumor, it may be incurable. Cancer cells that arise in the lymphatic system and bone marrow are referred to as hematological malignancies. Cancer cells that arise in other tissues or organs are referred to as solid tumors. Cancer can arise in virtually any part of the body, with the most common types arising in the prostate gland, breast, lung, colon and skin.

Cancer is the second leading cause of death in the United States, exceeded only by heart disease, and accounts for almost one of every four deaths. The American Cancer Society estimates that in 2013 there will be approximately 1.6 million new cases of cancer and approximately 580,000 deaths from cancer. The National Institutes of Health estimates that the direct medical cost of cancer of all types, including solid tumors, in the United States in 2010 was approximately $125 billion and according to IMS Health the amount spent in the United States on drugs to treat cancer exceeded $23 billion in 2011.

Solid Tumors—Incidence and Therapies

The following table sets forth information about selected solid tumor types for which we are developing, or may develop, therapeutic product candidates. The estimated U.S. annual incidence and five-year relative survival rates are based on information from the American Cancer Society in 2013. Relative survival compares survival among cancer patients to that of people not diagnosed with cancer who are of the same age, race and sex. It represents the percentage of cancer patients who are alive after a designated time period relative to persons without cancer.

Solid Tumors

Tumor Type	U.S. Annual Incidence	Five-year Relative Survival Rate	Selected Marketed Therapies
Prostate	238,590	~100%	sipuleucel-T (Provenge); radium 223 dichloride (Xofigo); docetaxel (Taxotere); abiraterome (Zytiga)
Breast	232,240	90%	ado-trastuzumab emtansine (Kadcyla); trastuzumab (Herceptin); lapatinib (Tykerb); docetaxel (Taxotere); paclitaxel (Taxol, Abraxane); capecitabine (Xeloda); anastrazole (Arimidex); letrozole (Femara); exemestane (Aromasin)
Lung	228,190	17%	bevacizumab (Avastin); erlotinib (Tarceva); crizotinib (Xalkori); pemetrexed (Alimta)
Colorectal	142,820	65%	bevacizumab (Avastin); ziv-aflibercept (Zaltrap); cetuximab (Erbitux); panitumumab (Vectibix)
Melanoma	76,690	91%	vemurafenib (Zelboraf); ipilimumab (Yervoy)
Bladder	72,570	80%	doxorubicin hydrochloride (Adriamycin); cisplatin
Kidney	65,150	72%	bevacizumab (Avastin); axitinib (Inlyta); everolimus (Afinitor); temsirolimus (Torisel)
Pancreatic	45,220	6%	gemcitabine (Gemzar); erlotinib (Tarceva); protein-bound paclitaxel (Abraxane)
Ovarian	22,240	44%	paclitaxel (Taxol); topotecan (Hycamtin); etoposide (Etopophos); docetaxel (Taxotere); gemcitabine (Gemzar)
Gastroesophageal	21,600	28%	capecitabine (Xeloda); trastuzumab (Herceptin)

In addition to the marketed therapies listed above, there are many generic chemotherapies and regimens commonly used to treat these cancers. Although the various marketed therapies and regimens provide benefits to some patients when given as monotherapies or in combination with other therapies, each has efficacy and adverse event limitations and none of them are successful in treating all patients. The level of morbidity and mortality from these cancers remains high.

Hematological Malignancies—Incidence and Therapies

The following table sets forth information about the hematological malignancies for which we are developing, or may develop, therapeutic product candidates.

Hematological Malignancies

Tumor Type	U.S. Annual Incidence	Five Year Relative Survival Rate	Selected Marketed Therapies
Acute myeloid leukemia	14,590	24%	daunorubicin (DaunoXome); doxorubicin hydrochloride (Adriamycin); cyclophosphamide; cytarabine; vincristine sulfate
Myelodysplastic syndromes	10,673	Highly variable	decitabine (Dacogen)
Acute lymphocytic leukemia	6,070	68%	dasatinib (Sprycel)
Hairy cell leukemia	1,199	93%	cladribine; pentostatin; rituximab (Rituxan)

Currently Available Cancer Treatments

The most common methods of treating patients with cancer are surgery, radiation and drug therapy. A cancer patient often receives treatment with a combination of these methods. For patients with localized disease, surgery and radiation therapy are particularly effective. Systemic drug therapies are generally used by physicians in patients who have cancer that has spread beyond the primary site or cannot otherwise be treated through surgery. The goal of these therapies is to damage and kill cancer cells or to interfere with the molecular and cellular processes that control the development, growth and survival of cancer cells. In many cases, drug therapy entails the administration of several different drugs in combination. Over the past several decades, drug therapy has evolved from non-specific drugs that kill both healthy and cancerous cells, to drugs that target specific molecular pathways involved in cancer.

Cytotoxic Chemotherapies

The earliest approach to pharmacological cancer treatment was to develop drugs, referred to as cytotoxic drugs, which kill rapidly proliferating cancer cells through non-specific mechanisms, such as disrupting cell metabolism or causing damage to cellular components required for tumor survival and rapid growth. While these drugs have been effective in the treatment of some cancers, cytotoxic drug therapies act in an indiscriminate manner, killing healthy cells along with cancerous cells. Due to their mechanism of action, many cytotoxic drugs have a narrow dose range above which the toxicity causes unacceptable or even fatal levels of damage and below which the drugs are not effective in eradicating cancer cells.

Targeted Therapeutics

The next approach to pharmacological cancer treatment was to develop drugs, referred to as targeted therapeutics, including monoclonal antibodies, that target specific biological molecules in the human body that play a role in rapid cell growth and the spread of cancer. Included in this category are small molecule drugs as well as large molecule drugs, also known as biologics. With heightened vigilance and new diagnostic tests, targeted therapies (including monoclonal antibodies such as Herceptin, Rituxan and Avastin as well as small molecules such as Nexavar and Tarceva), have resulted in improvements in overall survival for many cancer patients.

Next Generation Antibody-based Therapeutics for Cancer

While targeted antibody therapeutics have been highly successful in treating various cancers, the therapeutic effects of many such therapies are often relatively transient. Acquired resistance to cancer therapies remains a significant clinical problem with patients frequently relapsing and the tumors metastasizing to distant organs. The significant need for improvement in the treatment of cancer through antibody-based therapies is driving the growing focus on next-generation antibody-based therapies. Opportunities to create next-generation antibody based therapeutics lie in several technology advances including: antibodies that target multiple antigens, Fc-optimization, and ADCs. Multi-specific antibodies and ADCs have the potential to increase efficacy for cancer treatments and reduce systemic toxicity. Fc Optimization may enable modification of the antibody to enhance the immune system's response and augment the therapeutic potential of the antibody, and may increase its half-life, which can potentially lead to less frequent dosing (a competitive advantage for injectables) and a lower cost of goods.

Growth of the Biologics Market

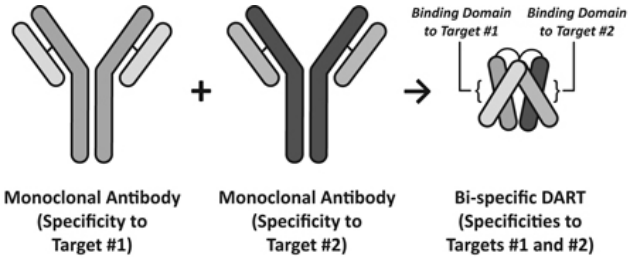
Over the last 20 years, recombinant biologic therapeutic drugs, including monoclonal antibodies, the largest subclass of recombinant biologics, have had a dramatic impact on cancer therapy. The improvement of engineering technologies, efficacy and safety of biologic drugs have driven significant market growth, with worldwide sales in 2011 of $157 billion according to data from the IMS Institute for Healthcare Informatics. Data from La Merie, a business intelligence firm, indicates that therapeutic antibody products represent approximately 52% of total biologic drug sales, with 2012 global sales of approximately $65 billion, an increase from approximately $22 billion in 2006. Approximately 40 antibody product candidates have been approved by the FDA and international regulatory authorities since the first approval in 1986, and the three largest selling cancer drugs are monoclonal antibodies, Rituxan, Herceptin and Avastin, which had 2012 worldwide sales of approximately $7.1 billion, $6.3 billion and $6.1 billion, respectively. Today, more than 300 monoclonal antibodies are in various stages of clinical development. According to a 2010 statistical analysis by Tufts University, antibody product candidates have shown a 2.5 times higher probability of successful clinical development as compared to small-molecule drugs.

Our Platforms for Creating Next-Generation Antibody-based Therapies

We apply our understanding of disease biology, immune-mediated mechanisms and next generation antibody technologies to design highly targeted antibody-based product candidates. Our antibody-based platforms consist of: DART, Fc Optimization, and CSLCs. Through these platforms, we have designed antibody-based product candidates that have the potential to improve on standard treatments by having: (1) multi-specificities; (2) increased abilities to interact with the body's immune system to fight tumors; (3) capacity to bind more avidly to antigen targets: (4) increased potency; (5) reduced immunogenicity; or (6) the ability to target cancer cells which are resistant to standard treatments. Moreover, these technology platforms are complementary and can be combined.

DART Platform: Our Proprietary Approach to Engineer Multi-Specific Antibodies

We use our DART platform to create derivatives of antibodies with the ability to bind to multiple targets instead of a single target found in traditional monoclonal antibodies. Our current DART product candidates are bi-specific. An example of a bi-specific molecule is illustrated below:

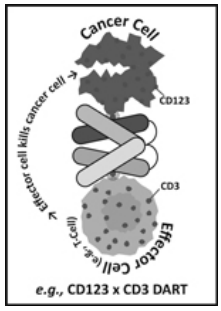


Because cancer cells have derived ways to escape the immune system, we have created DART molecules which improve upon the human immune system, by creating alternative antibody-like structures with more potent immune properties than the parent antibody molecules from which they are derived. The two variable regions of an antibody are mono-specific and are able to target only a single type structural component of an antigen. For many years, researchers have sought to create recombinant molecules that are multi-specific and capable of targeting multiple antigens or epitopes (i.e., specific part of antigen bound to the antibody) within the same molecule. The challenges in creating such molecules have been the instability of the resulting bi-specifics and their inherent short half-lives, as well as the inefficiencies in manufacturing these compounds. We believe our DART platform has overcome these engineering challenges by incorporating proprietary covalent di-sulfide linkages and particular amino acid sequences that efficiently pair the chains of the DART molecule. This results in a structure with enhanced manufacturability, long-term structural stability, and the ability to tailor the half-lives of the DARTs to their clinical needs. This engineered antibody-like protein has a very compact and stable structure and enables the targeting of multiple different antigens within a single recombinant molecule.

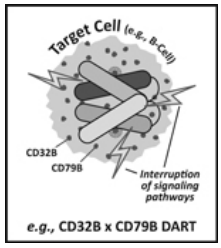
The DART platform has been specifically engineered to accommodate virtually any variable region sequence with predictable expression, folding, and antigen recognition. To date, we have produced over 100 different DART molecules and have completed numerous *in vitro* and *in vivo* proof of concept studies on most of these molecules.

We believe our DART platform may provide a significant advantage over current biological interventions in cancer and autoimmune disorders by enabling a range of modalities, including those described below.

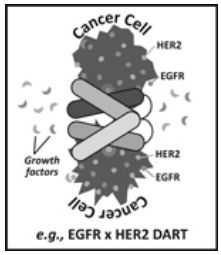
- *Redirected T Cell Activation and Killing.* In this version of the DART molecule, we are enabling the cancer-fighting properties of the adaptive immune system to: (1) recognize and bind to structures expressed on a cancer cell (e.g., CD123, the first specificity in the example on the right), (2) enable the recruitment of all types of cytotoxic, or cell killing, T cells, irrespective of their ability to recognize cancer cells (e.g., CD3, a common component of the T cell antigen receptor, is the second specificity in the example on the right), and (3) trigger T cell activation, expansion, and cell killing mechanisms to destroy a cancer cell. The outcome is that any of the body's T cells, in theory, could be recruited to destroy a cancer cell and thus, are not limited to the small numbers of specific T cells that are normally generated to kill a cancer cell. Furthermore, since any T cell could be recruited for this killing process, only small amounts of a DART molecule are required to trigger this potent immune response. Additionally, the compact structure of the DART protein makes it well suited for maintaining cell-to-cell contact, apparently contributing to the high level of target cell killing.



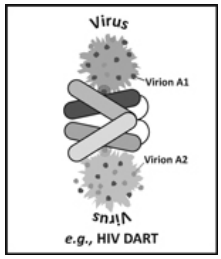
- *Modulation of receptor signaling.* In another configuration of the DART molecule, we have taken advantage of the two (or more) different specificities engineered in a DART structure to bind not only to particular cells involved in autoimmune processes, such as autoimmune B cells, but also to usurp the immune checkpoint signaling pathways programmed within the cells to impede the pathogenic autoimmune responses. Our MGD010 product candidate targets both CD32B, a checkpoint inhibitory molecule, and CD79B, part of the B cell antigen receptor complex, two proteins expressed on the immune system's B cells. Using a single DART molecule, we not only target two receptors with a single molecule, but also promote the interaction of these two receptors to interrupt the autoimmune response. This is critical because interruption of the autoimmune B cell response cannot be achieved merely by using two separate antibodies. In this particular example, the activity of an immune checkpoint molecule, CD32B on B cells, is captured to curb a destructive immune response.



- *Simultaneous targeting of multiple pathologic factors, such as cytokines and growth factors and their receptors.* Targeting multiple soluble proteins or receptors that are important to the perpetuation of an autoimmune disease or generation of a cancer may create therapeutic synergies within a single DART molecule. Examples of this DART include the targeting of different inflammatory cytokines, such as TNF-a, IL-1, and IL-6, involved in the pathogenesis of autoimmune diseases or those receptors contributing to the growth of cancers such as members of the EGFR family including EGFR1, HER2 and HER3.



- *Targeting multiple epitopes on a pathogen for enhanced neutralization and/or clearance.* Infectious agents with slightly different genetic sequences or structures may perpetuate disease. Sometimes multiple variants may infect one individual and may evade the patient's normal immune responses. Creating DARTs that eliminate multiple infectious variants of a virus or multiple toxins produced by a bacterium could be an advantage for prevention or treatment. Examples of this include targeting the major genetic and serological forms of dengue virus, the cause of a major viral disease transmitted by mosquitoes, quasi-species of HIV, or different bacterial toxins derived from pathogenic clostridium species.



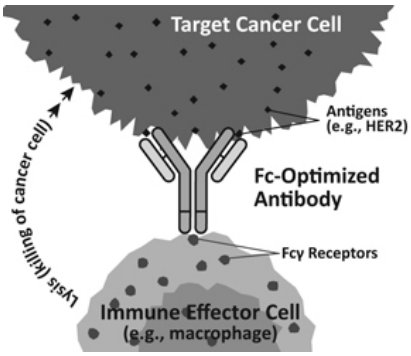
In addition, we have the ability to tailor a DART molecule's valency (number of binding sites), the strength by which the binding sites attach to its targets, and its half-life in the blood circulation after delivery to a patient. Furthermore, when an Fc domain is incorporated in a DART, changes can be included that can modulate the DART's engagement with different immune cells.

We have developed proof-of-concept data and are developing specific product candidates using this technology, including MGD006, MGD007 and MGD010. We have been able to produce DART molecules in both bacterial and mammalian expression systems.

Fc Optimization Platform: Our Proprietary Approach to Enhance Immune-Mediated Cancer Cell Killing

To enhance the body's immune ability, we developed our Fc Optimization platform which introduces certain mutations into the Fc region of an antibody and is able to modulate antibody interaction with immune effector cells. Such interaction enhances the body's immune ability to mediate the killing of cancer cells through ADCC.

ADCC



The Fc region mediates the function of certain antibodies by binding to different activating FcgRs and inhibitory FcgRs on immune effector cells found within the innate immune system. By engineering Fc regions to bind with an increased affinity to the activating FcgRs and with a reduced affinity to the inhibitory FcgRs, we

have been able to impart a more effective immune response, and improve effector functions, such as ADCC. This is another example in which small changes in antibody structure can confer improvements on normal immune processes.

We have established a proprietary platform to engineer, screen, identify and test antibodies' Fc regions with customizable activity. In particular, we have licenses to use transgenic mice that express human FcgRs. These mice can be used for *in vivo* testing of antibodies that incorporate Fc domain variants, including those antibodies intended for cancer therapy.

To date, we have successfully incorporated our Fc variants in our lead product candidates, margetuximab and MGA271. We have pre-clinical data demonstrating that these Fc variants have substantially improved the antibody's therapeutic effects.

Cancer Stem-like Cell Platform: Our Proprietary Approach to Discover Cancer Targets

Our CSLC platform provides new approaches to discover and identify cancer targets that are unresponsive to current cancer therapies. Cancer stem cells represent important potential targets in oncology drug development because they are theorized to be the basis for tumor re-growth and metastasis and are refractory to much standard chemotherapy. Therefore, the ability to specifically target and destroy CSLCs could potentially address an unmet medical need in many hard-to-treat cancers today. Using our CSLC platform, we can create antibodies that target and kill CSLCs.

Building on our expertise in growing stem cells from normal tissues using proprietary media and culture conditions, we have produced CSLCs from primary human tumor tissues. These CSLCs have been generated *in vitro* from a range of solid tumors and many have demonstrated tumor growth and differentiation *in vivo*. We believe that this technology holds great promise in creating the next generation of oncology therapeutics that target both differentiated tumor cells and their precursor cells which traditionally have been resistant to conventional chemotherapy and radiation therapy.

Our strategy has been to generate CSLCs from a range of primary tumors, including those derived from the colon, lung and ovary. We analyze and characterize the CSLCs for the following: (a) ability for self-renewal, (b) ability to form tumors *in vivo* that differentiate with the expected histological characteristics, and (c) genetic and protein stem cell marker expression profiles.

To date, we have created novel antibodies that target antigens on both CSLCs and bulk differentiated tumor cells, which are derived from the CSLCs. In addition to their value for identifying potential immune-based therapeutics, other opportunities include their use in small molecule compound screening and diagnostic applications.

We have generated over 1,900 monoclonal antibodies that we have screened by immunohistochemistry, or IHC, for lower-binding to normal, non-malignant tissues. Many of these antibodies have been characterized for binding to primary tumors and cancer cell lines and we are developing the most promising of these antibodies into product candidates. This collection of antibodies is selective for both validated and novel cancer targets.

We have utilized our CSLC technology to generate or characterize the antibodies we use in our MGA271 and MGD007 product candidates.

Product Candidate Pipeline

We currently have two oncology product candidates in clinical development. Additionally, we have several proprietary product candidates in pre-clinical development and we expect to commence Phase 1 clinical trials on two of these product candidates in 2014.

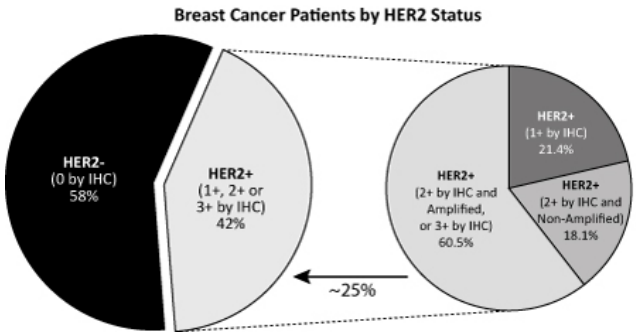
Margetuximab: Fc-Optimized Antibody for HER2-expressing Solid Tumors

Overview

Margetuximab, or MGAH22, is an Fc-optimized, monoclonal antibody that targets and binds to the HER2 protein on cancer cells and is intravenously administered in order to kill tumor cells or inhibit tumor cell growth. We are developing margetuximab as an improved, more potent, anti-HER2 treatment for a variety of HER2-expressing tumors such as breast, gastroesophageal and bladder cancer.

An important mechanism of anti-HER2 monoclonal antibody action is the mediation of ADCC. In ADCC, the anti-HER2 antibody binds to tumor cells and then recruits immune cells, such as macrophages, through their FcgRs. FcgR-mediated mechanisms play a critical part in the effectiveness of targeted tumor antibodies including anti-HER2 antibodies. Therefore, we have optimized the important Fc region of MGAH22 and thereby improved the cell-killing properties of margetuximab, compared to current anti-HER2 therapies (including trastuzumab). Specifically, we increased binding to activating receptors and decreased binding to the inhibitory receptor on immune effector cells. As a result, we believe margetuximab has the potential to be effective in a much broader population than the approximately 25% of breast cancer patients treated with trastuzumab today and may overcome resistance in populations who no longer respond to trastuzumab.

The HER2 gene and receptor have an important role in normal cell growth and differentiation. When the HER2 gene has multiple copies, which is referred to as gene amplification, it results in increased HER2 protein production. This causes cells to multiply in number and grow more rapidly than normal cells, contributing to the formation of cancer. HER2 gene amplification and protein over-expression occurs in approximately 25% of women with breast cancer. The level of HER2 protein on tumors can be detected by IHC and is scored as 0, 1+, 2+ or 3+, where 3+ indicates the highest expression of HER2 positivity. Fluorescence in situ hybridization, or FISH, testing is a method used to determine the number of HER2 gene copies that are in a tumor cell. Breast cancer patients with HER2 gene amplification and protein over-expression have a more aggressive disease, greater likelihood of recurrence, poorer prognosis, and decreased survival compared to patients with HER2-negative breast cancer. Currently, anti-HER2 therapies are only approved for treating approximately 25% of all breast cancer patients whose tumors overexpress HER2 at the 3+ level, or if 2+, when accompanied by HER2 gene amplification. As illustrated in the figure below, this population of 25% of breast cancer patients represents 60.5% of the 42% of all patients who are HER2+.



We plan to study several patient populations in which we believe margetuximab, because of its optimized structure, has the potential for particular benefit. The first populations being tested include breast and gastroesophageal cancer, but there is also potential to explore other HER2-expressing cancers such as bladder, ovarian and colon.

We presented data from our Phase 1 clinical trial of margetuximab at ASCO in June 2013. We expect to complete this clinical trial by early 2014. We recently initiated enrollment in an exploratory Phase 2a clinical trial in patients with metastatic breast cancer whose tumors exhibit expression of the HER2 protein at the 2+ level by IHC and lack evidence of HER2 gene amplification by FISH. We plan to initiate a Phase 3 clinical trial in patients with HER2+ gastroesophageal cancers that have progressed after standard first and second-line therapy. We expect to begin enrollment in this clinical trial in the second half of 2014 and anticipate that such a trial should be concluded in approximately three years.

Current Treatments for HER2-expressing Solid Tumors

The management of breast cancer is largely based on the stage, grade, hormone receptor status and type, and includes surgery, radiation and drug therapy. Cytotoxic chemotherapies are a mainstay of metastatic breast cancer treatment, irrespective of hormone and HER2 status. Patients who have no detectable cancer after surgery are often given additional drug treatment to prevent recurrence. This is known as adjuvant therapy. Some patients receive treatment before surgery to shrink the tumor. This is known as neoadjuvant therapy. While anti-HER2 therapies have initially been tested in patients with metastatic cancer, often as single agents, benefit has been shown in the much larger population of patients treated earlier in adjuvant and neoadjuvant settings. We expect that this paradigm will also be true for margetuximab, but in a larger population.

The management of gastroesophageal cancer is based on radical surgical resection of the tumor, which when carried out at an early stage of disease may be curative. When surgical resection of the tumor is not possible, or the tumor recurs or metastasizes, chemotherapeutic agents are utilized. The incidence of gastroesophageal cancer has been declining steadily since the 1930s, yet it remains a major cause of cancer death in the United States and a greater problem in the rest of the world. Gastroesophageal cancer is the fourth most common cancer in the world (989,000 new cases diagnosed in 2008) and the second most common cause of cancer-related death in the world. Advanced and metastatic cancers are treated with chemotherapy and radiation therapy.

Several drugs directed at HER2 have been approved for the treatment of early and advanced stage breast cancer and advanced gastroesophageal cancer. Most patients treated with existing HER2 therapies, such as trastuzumab (Herceptin), pertuzumab (Perjeta), lapatinib (Tykerb), and ado-trastuzumab emtansine (Kadcyla, also referred to as T-DM1), will either fail to respond or become resistant to continued treatment. In addition, existing HER2 therapies are not effective in the treatment of patients who do not highly over-express HER2.

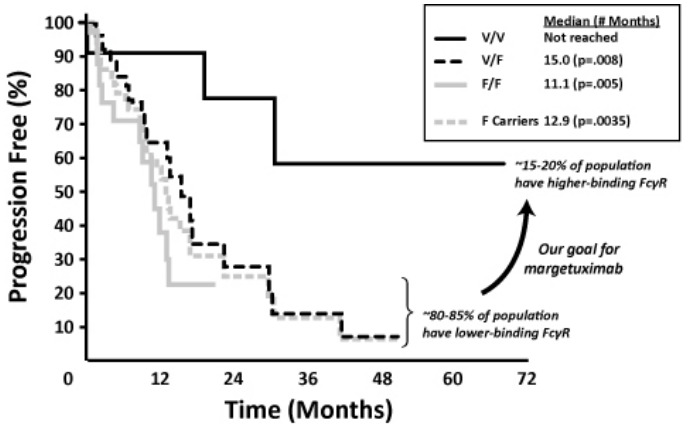
Potential Advantages of Margetuximab

Margetuximab is an Fc-optimized, monoclonal antibody believed to mediate its therapeutic activity against HER2+ tumors by a combination of mechanisms including:

- Modulation of the receptor signaling resulting in growth retardation or the induction of apoptosis, or cell death;
- ADCC and improved binding to immune cells to enhance destruction of HER2+ tumor cells; and
- Presentation of antigens by cells such as macrophages that engulf the tumor cells, digest them, and display the tumor antigens to other cells of the immune system including T cells.

FcgR mediated mechanisms play a critical part in the activity of several antibodies including anti-HER2 antibodies. FcgR sequences will differ among people and a single amino acid difference in an FcgR can significantly alter an antibody's Fc binding properties. Clinical data shows improved outcomes in metastatic breast cancer patients who have a higher binding form of an activating FcgR, CD16A, in response to treatment with chemotherapy plus trastuzumab.

The table below shows the difference in progression-free survival between patients treated with trastuzumab who have the higher-binding form of CD16A and those who have the lower-binding form of CD16A.



Knowing that approximately 80% of subjects express the lower-binding FcgR, we specifically optimized the Fc domain of margetuximab to enhance binding to the lower-binding form of CD16A. We believe margetuximab will have greater activity than trastuzumab and may overcome resistance in populations of patients whose tumors do not respond, or no longer respond, to trastuzumab. In addition, the optimized Fc domain of margetuximab imparts reduced binding to the inhibitory FcgR, CD32B, a feature expected to further enhance the activating properties of margetuximab.

We have conducted *in vitro* and *in vivo* pre-clinical studies that support the superiority of margetuximab compared to trastuzumab. In these pre-clinical models, margetuximab exhibits enhanced anti-tumor activity against HER2-expressing tumor cell lines in *in vitro* ADCC assays and in human tumor xenograft models in human CD16A+ transgenic mice. We have also demonstrated superior effects of margetuximab over trastuzumab in *ex vivo* studies using patient samples from the Phase 1 clinical trial.

Clinical Development of Margetuximab

Based on the pre-clinical laboratory studies conducted with margetuximab, we assumed that margetuximab would have clinical benefit in patients with tumors not currently thought to be targets for trastuzumab therapy, including those whose tumors express the HER2 protein at less than 3+ levels by IHC and lack evidence of HER2 gene amplification by FISH. We also assumed that margetuximab benefits would extend to patients bearing the lower-binding form of CD16A.

Phase 2a Metastatic Breast Cancer Study

We submitted an IND in January 2010 for margetuximab for the treatment of HER2-positive carcinomas, including breast cancer. We are currently enrolling a Phase 2a clinical trial to determine if margetuximab has sufficient activity in patients with metastatic breast cancer who are not currently considered candidates for trastuzumab therapy to further evaluate margetuximab in this patient population. We are enrolling patients with metastatic breast cancer whose tumors exhibit expression of the HER2 protein at the 2+ level by IHC and lack evidence of HER2 gene amplification by FISH. This group of patients represents an unmet medical

need which may be addressed by margetuximab. Margetuximab will be administered as a 6 mg/kg intravenous, or IV, solution weekly on Days 1, 8, and 15 of each 28-day cycle. If fewer than two partial or complete responses are observed in the first 21 patients evaluable for response at the first tumor re-evaluation on day 22 of cycle 2 of treatment, no additional patients will be enrolled and the trial will end. If two or more responses are observed at the first tumor re-evaluation on day 22 of cycle 2 of treatment, we will expand the clinical trial to include a total of 41 patients evaluable for response. If five or more partial or complete responses are observed in these 41 patients, then we will consider margetuximab to have adequate activity in this patient population to justify additional clinical development. We are conducting this clinical trial at six sites in the United States.

Anticipated Margetuximab Clinical Trials

We plan to file a separate IND for margetuximab for the treatment of HER2-positive gastroesophageal cancer by the first quarter of 2014. We intend to commence a randomized Phase 3 clinical trial to evaluate the addition of margetuximab to standard cytotoxic chemotherapy (irinotecan or paclitaxel) in the third line treatment of patients with advanced gastroesophageal cancers which have progressed after standard frontline and second-line treatment of advanced disease in the second half of 2014. The primary analysis will compare the overall survival of patients randomized to chemotherapy plus placebo to the overall survival of patients randomized to chemotherapy plus margetuximab.

Other Anticipated Phase 2 Development

We anticipate conducting exploratory clinical trials in patients with other HER2 expressing malignancies. The design of these clinical trials will be informed by the results of the ongoing Phase 2a clinical trial in metastatic breast cancer. If the results of that clinical trial are positive, then we will pursue a population of patients with HER2 2+ or 3+ tumors. Such a population would represent approximately one-third to one-half of patients with metastatic bladder cancer, and smaller proportions of patients with ovarian cancer, endometrial cancer, and colon cancer.

Phase 1 Clinical Study Results

The Phase 1 clinical trial is an open-label, multi-dose, single-arm, dose-escalation study conducted to define the safety profile and pharmacokinetics, or PK, of margetuximab and to begin to explore the antitumor activity of margetuximab in patients with refractory HER2+ tumors. We enrolled a total of 34 patients in the dose escalation (0.1 to 6.0 mg/kg) and expansion (6.0 mg/kg) phases of the trial. This patient population was heavily pre-treated with prior therapies, including 19 patients with other prior anti-HER2 therapies. In the absence of dose limiting toxicity, an additional cohort of patients was treated at the top dose. We expect to complete this clinical trial in 2014.

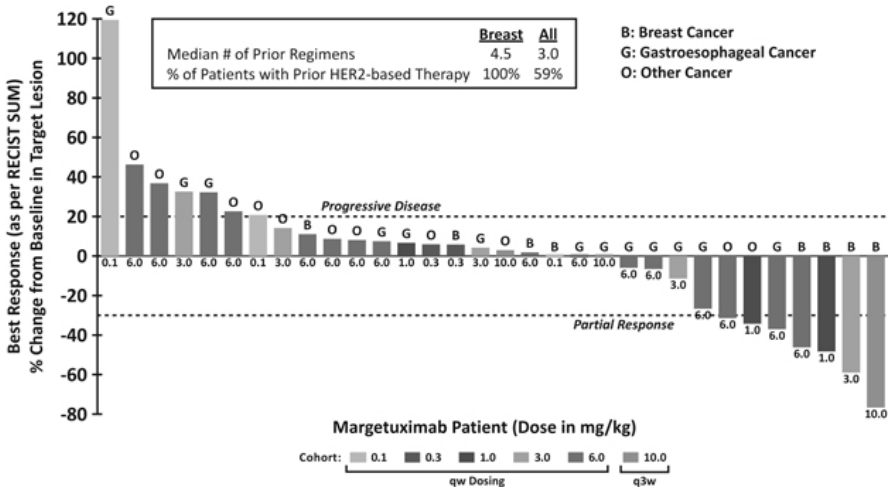
During the dose escalation and expansion segments of the Phase 1 clinical trial of margetuximab, a dose of 6.0 mg/kg has been well-tolerated in patients with refractory HER2+ tumors who were treated weekly for four weeks. Approximately one-third of patients received additional cycles of margetuximab treatment. Using margetuximab as a single agent, tumor response was observed even in patients who had failed prior therapies including other anti-HER2 treatment. Responses to date include:

- unconfirmed partial response in one patient with mucoepidermoid carcinoma of the salivary gland treated at 1.0 mg/kg;
- confirmed partial response in one patient with breast cancer treated at 3.0 mg/kg;
- confirmed partial response in one patient with breast cancer treated at 6.0 mg/kg;
- confirmed partial response in one patient with a gastroesophageal junction tumor treated at 6.0 mg/kg;

- unconfirmed partial response in one patient with colorectal cancer at 6.0 mg/kg; and
- four patients with times to progression exceeding five months.

In addition, we are exploring intermittent administration of margetuximab as a more convenient dosing regimen. In this portion of the Phase 1 clinical trial, a patient with breast cancer experienced a confirmed partial response at 10.0 mg/kg (administered every three weeks) with a time to progression currently exceeding five months.

Evidence of activity was seen at doses as low as 0.1 mg/kg weekly, to which a patient with metastatic breast cancer whose tumor had progressed after two prior anti-HER2 therapies (trastuzumab and ado-trastuzumab emtansine) experienced stability of disease and time to progression that exceeded nine months. The maximum percent reduction (below baseline) or increase (above baseline) in the size of target tumors at any time from patients treated with different doses of margetuximab is shown below:



The most frequent adverse events observed in patients participating in the dose escalation portion of this trial were infusion reactions, which we observed in approximately 27% of patients on the day of infusion. Most of these events were mild or moderate in severity. Institution of pre-medications has reduced the incidence and severity of infusion-associated adverse events.

We assessed the *ex vivo* ADCC response of peripheral blood mononuclear cells, or PBMCs, obtained from subjects in the dose escalation portion of this Phase 1 trial. Each patient sample was divided and exposed separately to margetuximab and trastuzumab. Margetuximab outperformed trastuzumab in *in vitro* ADCC assays, reducing the dose required to achieve equivalent cell killing and increasing total cell killing. The concentration of drug required to achieve a half maximal effect (EC_{50}) on ADCC was much lower for margetuximab (mean 3.5 $\pm$ 1.0 ng/ml) than trastuzumab (mean 40.7 $\pm$ 17.1 ng/ml).

MGA271: Fc-Optimized Antibody for B7-H3-Expressing Solid Tumors

Overview

MGA271 is a humanized, Fc enhanced, monoclonal antibody that targets B7-H3 expressing tumors and is intravenously administered in order to kill tumor cells or inhibit their growth. We are developing MGA271 to treat multiple solid tumors such as melanoma, glioblastoma, prostate cancer, and breast cancer. We believe that targeting B7-H3 using MGA271 has significant potential to treat a variety of solid tumors because it incorporates multiple complementary mechanisms of action in one molecule. These potentially include:

- Enhanced ADCC through Fc Optimization;
- Targeting of both CSLCs and tumor cells;
- Opportunity to differentially target tumor vasculature and underlying supporting tissues; and
- Potential for enhanced anti-tumor immunity by blockade of T cell inhibition (inhibiting the inhibitor).

MGA271 has been engineered to have enhanced binding to CD16A. MGA271 also exhibits reduced binding to CD32B.

We initiated a Phase 1 clinical trial of MGA271 in patients with B7-H3 tumors in August 2011. We have completed the dose escalation portion of this trial without exceeding a maximally tolerated dose, or MTD. We commenced an expansion phase in the third quarter of 2013, in which we are enrolling patients and treating them at the highest dose tested during the dose escalation portion of the trial. We also plan to initiate a Phase 2 clinical trial no later than early 2015.

Role of B7 Family of Immune Regulators, Including B7-H3, in Cancer

The B7 family of cell surface molecules consists of structurally related protein ligands that bind to receptors on lymphocytes and regulate immune responses. B7 homolog 3 (B7-H3) is a novel member of the B7 family of immune regulatory molecules. This family of molecules is an area of interest across the pharmaceutical industry, and is being explored by companies including Amplimmune, Inc., or Amplimmune, AstraZeneca PLC, or AstraZeneca, Bristol-Myers Squibb Co., or Bristol-Myers, GlaxoSmithKline plc, or GSK, and Merck & Co., or Merck. The chart below describes our understanding of various B7 immune regulator targets and current marketed products and clinical stage product candidates addressing such targets.

B7 Immune Regulator Family

Antigen-Presenting Cell	T Cell	Function	Product or Product Candidates
CD80 (B7-1) or CD86 (B7-2)	CTLA4	Inhibitory	Ipilimumab (marketed by Bristol-Myers) Anti-CTLA4 (AstraZeneca, Phase 2)
CD80 (B7-1) or CD86 (B7-2)	CD28	Activating	—
PD-L1 (B7-H1) or PD-L2 (B7-DC)	PD1	Inhibitory	Anti-PD1 (Merck, Phase 2) Anti-PD1 (Bristol-Myers, Phase 3) Anti-PD-L1 (Bristol-Myers, Phase 2) Anti-PD-L1/Fc fusion (GSK/Amplimmune, Phase 1) Anti-PD-L1 (Roche, Phase 2)
B7RP1 (B7-H2)	ICOS	Activating	AMG 557 (Amgen/AstraZeneca, Phase 1)
B7-H3	Unknown	Inhibitory	MGA271 (MacroGenics, Phase 1)
B7-H4	Unknown	Inhibitory	—
B7-H5 (VISTA)	Unknown	Inhibitory	—
B7-H6	NKp30	Activating	—

In our own analysis of fixed tumor microarrays representing more than 700 samples across various tumor types including glioblastoma, thyroid, gastroesophageal, breast, pancreas, prostate, melanoma and ovarian cancers, we saw B7-H3 expression in approximately 70 – 99% of tumor samples, with high expression (2+ or greater by IHC) in most of these tumor types.

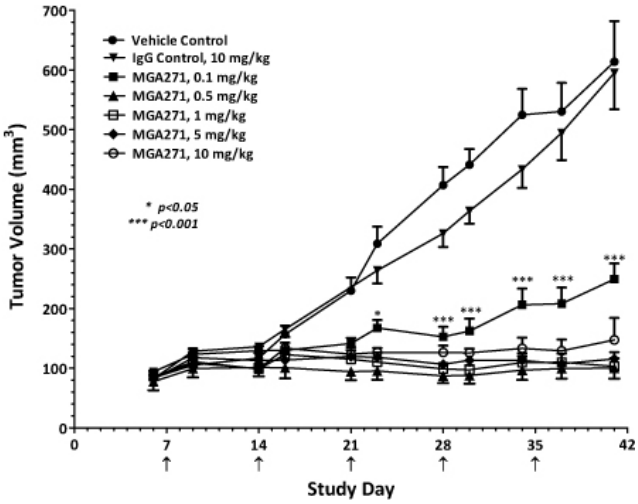
B7-H3 inhibits T cell activation and cytokine production. Other examples of inhibitors of T cell activation include the immune check-point regulators PD1 and CTLA4. Anti-PD1 and anti-CTLA4 (e.g., ipilimumab) antibodies have shown therapeutic effects in patients with melanoma, renal cell carcinoma, and non-small-cell lung cancer and are being tested in individuals with several other types of cancers.

Pre-Clinical Development of MGA271

We have evaluated the ability of MGA271 to mediate ADCC activity across multiple cancer types expressing varying levels of B7-H3 as determined by flow cytometry. The cancer types tested included melanoma, lung cancer, prostate cancer, breast cancer, bladder cancer, and renal cancer cell lines. MGA271 mediated ADCC activity against all tumor lines that express B7-H3 at detectable levels.

MGA271 exhibited anti-tumor activity in mouse models when administered approximately one week after tumor cell implantation (as shown below), or after tumors were allowed to become fully established (approximately three weeks after implantation when tumors were approximately 300 mm^3 in volume).

Anti-Tumor Efficacy of MGA271
in a Pre-clinical Model of Renal Cell Carcinoma



Cells from a renal cell carcinoma tumor line were implanted subcutaneously in immunodeficient mice that expressed the lower-binding form of human CD16A. MGA271 was administered intravenously weekly at the indicated dose levels as shown by arrows above. All dosages of MGA271, including 0.1 mg/kg, inhibited tumor growth when compared to both control groups, vehicle or lgG.

A repeat dose Good Laboratory Practice, or GLP, toxicology study was conducted in cynomolgus monkeys to determine the potential toxicity of MGA271. MGA271 was well tolerated when administered by IV infusion at four weekly doses of up to150 mg/kg. The no observed adverse effect level was considered to be 150 mg/kg.

Clinical Development of MGA271

We have initiated a Phase 1 clinical trial that we expect to complete in 2014. We plan to initiate a Phase 2 clinical trial no later than early 2015. We submitted an IND in March 2011 for MGA271 for the treatment of patients with refractory B7-H3-expressing tumors.

Phase 1 Clinical Trial

The Phase 1 trial is an open-label, multi-dose, single-arm, multi-center, dose-escalation clinical trial. This trial includes patients with B7-H3-expressing tumors, such as prostate cancer, pancreatic cancer, melanoma and ovarian cancer, and tumors whose vasculature exhibits B7-H3 expression, such as glioblastoma, renal cell carcinoma and ovarian cancer. The clinical trial began with a dose escalation segment in which patients were

treated with increasing weekly doses of MGA271 from 0.01 mg/kg up to 15 mg/kg. We have not seen any dose limiting toxicity, and we initiated an expansion phase in the third quarter of 2013 at a dose of 15 mg/kg. During the expansion phase, we are recruiting an additional 15 patients to each of three cohorts that represent a distinct patient population determined by histology: 1) patients with melanoma, 2) patients with prostate cancer and 3) patients with any B7-H3 positive tumor other than melanoma or prostate cancer with the limitation of a maximum of five patients with any single histologic type such as colorectal adenocarcinoma or histologic subgroup such as sarcoma. In addition, Servier has indicated that it intends to evaluate MGA271 in up to 90 additional cancer patients representing additional types of cancers beginning in the fourth quarter of 2013.

We have enrolled a total of 26 patients in the trial through the dose escalation portion, with 15 different types of tumors. Ten patients received additional cycles of MGA271 treatment and all have had stable disease at the first tumor re-assessment. The most frequent adverse events in the trial were mild or moderate infusion reactions.

Because anti-cancer monoclonal antibodies are target specific, the presence of the target on tumor cells is usually required for the desired biological effect of the antibody. An immunohistochemistry based companion diagnostic for MGA271 would detect the presence of B7-H3 on the cellular membrane of tumor cells. A positive result detecting B7-H3 on the cellular surface is currently required for trial eligibility and we expect it will be required for identification of appropriate candidates for MGA271 treatment should the product candidate be approved. We are working with two third party vendors for the development of the companion diagnostic, and we plan to contract with a vendor for future commercialization based on the results. We plan to have a companion diagnostic ready for incorporation into potential Phase 3 trials and are working with a collaborator to develop it.

MGD006: DART-Based Molecule for Acute Myeloid Leukemia

Overview

MGD006 is a humanized DART molecule that recognizes both CD123 and CD3. We are developing MGD006 for the treatment of hematologic cancers. The primary mechanism of action of MGD006 is its ability to redirect T cells which express CD3 to kill CD123 expressing cells, such as leukemic cells. We plan to submit the IND for MGD006 in early 2014. In addition, we plan to initiate a Phase 1 clinical trial of MGD006 in patients with relapsed or refractory acute myeloid leukemia, or AML, or in patients with untreated AML who are not candidates for standard induction chemotherapy in the first half of 2014.

Role of CD123 in Acute Myeloid Leukemia

CD123 has been reported to be overexpressed on malignant cells in a wide range of hematologic malignancies including AML and myelodysplastic syndrome, or MDS. Overexpression of CD123 is associated with a poorer prognosis in AML. AML and MDS are thought to arise in and be perpetuated by a small population of leukemic stem cells, or LSCs, which generally resist conventional chemotherapeutic agents. LSCs are characterized by high levels of CD123 expression, which is not present in the corresponding normal hematopoietic stem cell population in normal human bone marrow. CD123 is also expressed by plasmacytoid dendritic cells, or pDCs, basophils, endothelial cells and, to a lesser extent, monocytes and eosinophils. The anti-CD123 component of MGD006 is based on a humanized version of 7G3, a mouse monoclonal antibody directed against CD123.

Potential Advantages of MGD006

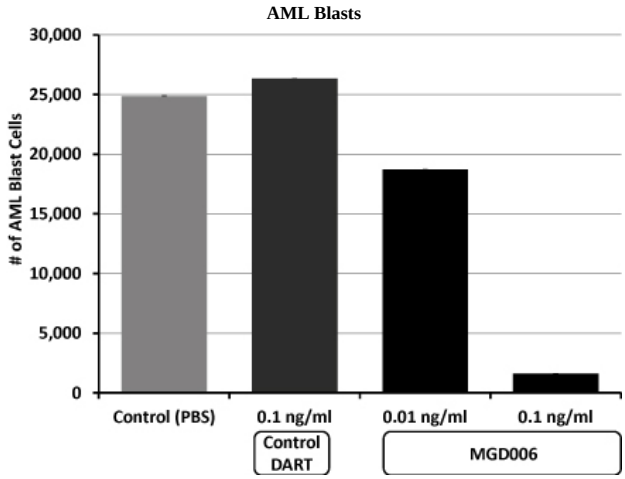
As a targeted therapy for CD123 expressing cells, we believe that MGD006 will have fewer side effects than conventional chemotherapeutic agents which broadly target rapidly dividing cells including cancer cells, normal hematopoietic stem cells and certain immune cells such as activated lymphocytes.

Moreover, because CD123 is expressed on the LSCs that perpetuate this disease, MGD006 will be targeting the source of the disease, and potentially deliver more durable remissions. This would represent an advance in AML therapy, because the LSCs that sustain this disease are generally resistant to the chemotherapy which is the standard approach to disease treatment. The resistance of LSCs to chemotherapy may be due to the fact that they are a rare, relatively dormant, cell type within the leukemic cell population and, therefore, are less susceptible to the primary mechanism of action of chemotherapeutic agents.

Pre-clinical Development of MGD006

We have demonstrated in *in vitro* experiments that MGD006 is able to mediate T cell killing of CD123-expressing cells. In an *in vitro* model of T cell-mediated killing of AML cells, addition of MGD006 led to destruction of AML cells derived from leukemia patients. Three leukemia cell lines expressing CD123 were exposed to MGD006 or a control DART protein in the presence of T cells. Dose-dependent increases in cell killing were observed following treatment with MGD006.

In the chart below, primary AML PBMC samples were incubated with a phosphate buffered saline, or PBS control, a DART protein control or MGD006. Treatment with MGD006 resulted in a dose-dependent decrease in leukemic blast cell number counts.



We performed pilot toxicology studies in cynomolgus monkeys. Complete depletion of CD123-expressing pDCs, an indication of activity in healthy animals, occurred at doses as low as 10 ng/kg/day. Importantly, this effect was reversible as pDCs were observed in peripheral blood a few weeks following cessation of dosing.

No significant infusion reactions were observed at the lowest starting doses studied, including the pharmacologically active dose levels (10-30 ng/kg/day). Administration of MGD006 at higher doses was associated with acute infusion reactions, which typically decreased or disappeared with subsequent dosing.

MGD007: DART-Based Molecule for Gastrointestinal Cancers

Overview

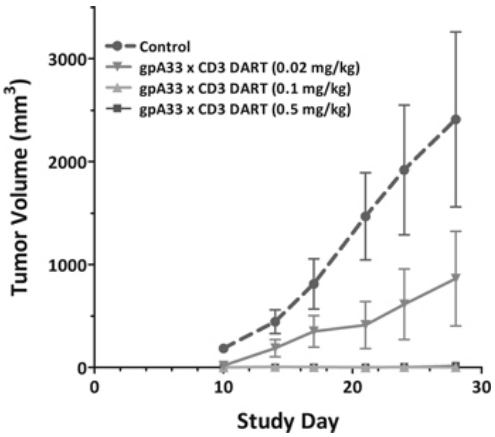
MGD007 is a DART protein in which the first specificity is for the glycoprotein gpA33 and the second specificity is for CD3. MGD007 also contains an Fc domain which provides for an extended serum half-life compared to basic DARTs. gpA33 was identified through immunizations using our proprietary CSLC lines.

We are developing MGD007 as a potential therapeutic agent for the treatment of colorectal cancer. Other tumors of the gastrointestinal tract, such as pancreatic and gastroesophageal cancers, may also be potential indications for development. In a survey of normal tissues examined, the gpA33 antigen was expressed almost exclusively in the intestinal epithelium. It was present in more than 95% of human colon cancers, and in approximately 50% of gastroesophageal and pancreatic cancers. Studies by others with a radiolabeled monoclonal antibody against gpA33 demonstrated preferential binding to tumors over normal colonic mucosa.

We have conducted pre-clinical *in vitro* and *in vivo* proof-of-concept studies with MGD007 or a basic DART form of MGD007 without the Fc domain. In addition, we are currently conducting several small, non-GLP toxicology studies in cynomolgus monkeys. These non-GLP toxicology studies will inform the design of the IND-enabling GLP toxicology study, which we plan to initiate by the end of 2013. We are planning to submit an IND in 2014 and commence a Phase 1 clinical trial for MGD007 in the second half of 2014.

Pre-clinical Development of MGD007

The results of *in vivo* experiments shown below demonstrate that a gpA33 x CD3 DART is able to mediate T cell killing of gpA33-expressing cancer cells:



Cells from a colorectal cancer line and activated human T cells were implanted subcutaneously in immunodeficient mice. A gpA33 x CD3 DART was administered intravenously daily for four days at the time of tumor implantation. Inhibition of tumor growth was observed at all dose levels tested when compared to animals treated with a control.

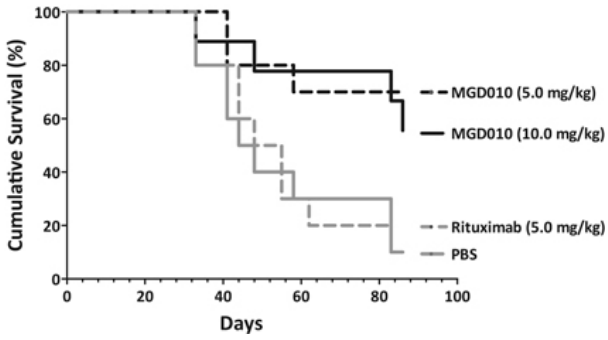
MGD010: DART-Based Molecule for Autoimmune Diseases

Autoimmune diseases including rheumatoid arthritis, or RA, Crohn's disease, systemic lupus erythematosis, or SLE, and multiple sclerosis, or MS, collectively affect more than 20 million people in the United States. Autoimmune disease involves self-tissue destruction by T cells and antibodies due to lack of self-tolerance. Anti-inflammatory therapies, such as TNF (tumor necrosis factor) inhibitors, have been able to improve diseases like RA; however, it has become increasingly known that, in addition to T cells, B cells play an important role in many common autoimmune and allergic disorders by initiating and amplifying the pathological disease processes. Current B cell targeted therapies either cause depletion of B cells, thus limiting their applicability due to the potential for infections (e.g., rituximab, or *Rituxan*), or exhibit a delayed onset of action and limited efficacy across patient populations (e.g., belimumab, or *Benlysta*).

To address limitations of existing B cell targeted therapies, MacroGenics has developed a novel CD32B x CD79B DART, called MGD010. In pre-clinical studies, this DART modulates the function of human B cells without B cell depletion. In normal conditions, B cells utilize CD32B as one of the key negative regulators to ensure that tolerance to self is maintained and autoimmune disease does not occur. MGD010 exploits this mechanism and triggers this inhibitory "immune checkpoint" loop. We believe this molecule preferentially blocks those B cells that are activated to produce the pathogenic antibodies that promote the autoimmune process. Studies in SLE patient B cells and humanized mouse models have demonstrated that MGD010 can block B cell activation in the absence of B cell depletion. To advance this program to the clinic, we recently performed studies in non-human primates with MGD010 demonstrating a favorable safety profile and pharmacological effects on targeted B cells.

In the chart below, treatment with MGD010 prolongs survival compared to a PBS control or a single dose of rituximab in a mouse model of graft versus host disease.

MGD010 in a Chronic Graft versus Host Disease (Transplantation) Mouse Model



Immunodeficient mice administered human PBMCs by injection were treated intravenously either with MGD010 at 5.0 or 10.0 mg/kg or PBS control every four days (9 total doses) or with rituximab at 5.0 mg/kg for one dose.

Teplizumab: Fc-Modified Antibody for Type 1 Diabetes

Overview

Teplizumab is a humanized, anti-CD3 monoclonal antibody being developed for the treatment of Type 1 Diabetes, or T1D. Teplizumab has been engineered to alter the function of the T cells that mediate the destruction of the insulin-producing beta cells of the islets of the pancreas. Teplizumab potentially represents an advance in the treatment of T1D by addressing the underlying disorder, rather than merely using insulin replacement therapy. In 2007, we entered into a collaboration with Eli Lilly. During the clinical development of teplizumab, Eli Lilly provided financial, manufacturing, and commercial support to us while we conducted our Phase 3 clinical trials.

In June 2011, we published the results of Protégé, a Phase 3 clinical study of teplizumab in T1D, in *The Lancet* and follow-up data in *Diabetes* in 2013. The primary clinical endpoint of this trial, a composite of glycated hemoglobin, or HbA1c, and insulin usage, was not met. HbA1c is a form of hemoglobin that reflects average plasma glucose concentration over prolonged periods of time. When T1D is poorly controlled, the glucose and consequently, HbA1c levels rise. Insulin use was measured as units used per day. Subjects were required to have a low HbA1c level (<6.5%) and low daily insulin usage (<0.5 units per day). Similar numbers of patients in the 14 day teplizumab regimen and placebo (insulin only) achieved this endpoint. Although this trial did not meet its primary clinical endpoint, an exploratory, post-hoc analysis suggests that teplizumab, when used in a full dose regimen, may preserve insulin production by beta cells in the pancreas, as measured by C-peptide, and increase the percentage of patients requiring very low doses of insulin compared to those on placebo. Preservation of insulin production as measured by C-peptide, relative to standard of care, is now recognized as an acceptable primary endpoint by the FDA. The findings suggest that future studies of immunotherapeutic intervention with teplizumab might have increased success in prevention of a decline in beta cell function (measured by C-peptide) and preservation of glycemic control at reduced doses of insulin, particularly in children, if intervention occurs soon after diagnosis.

Teplizumab is currently being evaluated in a Phase 2 clinical trial, called At Risk, for the prevention or delay of onset of T1D in patients determined to be at very high risk for developing the disease. This clinical trial is being sponsored by the National Institute of Diabetes and Digestive and Kidney Diseases, or NIDDK. In 2011, Eli Lilly terminated its collaboration with us to develop teplizumab and pursuant to the terms of the agreement, we reacquired the commercial rights to teplizumab. We are actively seeking a collaborator for further development of teplizumab.

The At-Risk study is being conducted under an IND filed and sponsored by MacroGenics, pursuant to IND 102,629 filed on December 23, 2009. The clinical study is being conducted by NIDDK at TrialNet clinical sites. NIDDK, in conjunction with TrialNet, prepared the clinical protocol and is responsible for training and monitoring the clinical sites. MacroGenics officially transferred these sponsor responsibilities to NIDDK in its initial IND submission. Under FDA regulations, MacroGenics remains responsible for submitting the appropriate documents to the IND, including but not limited to, IND Annual Reports, expedited reports, revised clinical protocols provided by NIDDK, and new clinical investigator information.

Collaborations

We have entered into several strategic collaborations for our therapeutic programs. These therapeutic collaborations have provided us with approximately $106 million in non-equity funding during the three year period ended June 30, 2013. Under these agreements we are entitled to receive substantial payments including over $100 million of potential additional option exercise fees and milestone payments that we believe are likely to be received by the end of 2015, assuming all of our collaboration programs advance as currently contemplated. Key terms of these collaborations are summarized below.

Servier MGA271 Agreement

Overview. In November 2011, we entered into a collaboration agreement with Servier under which we granted Servier an option to obtain an exclusive license to develop and commercialize the Fc engineered antibody we designated as MGA271 and certain other Fc engineered antibodies that also bind the B7-H3 receptor, collectively referred to as the MGA271 licensed products, in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. We have received a $20 million option grant fee and a $10 million milestone payment upon dosing the first patient in the expansion cohort of our Phase I clinical trial of MGA271, and may be eligible to receive up to approximately $415 million in license grant fees, and clinical, development, regulatory and sales milestone payments if Servier exercises the option, obtains regulatory approval for and successfully commercializes an MGA271 licensed product. In addition to these milestones, we and Servier will share Phase 2 and Phase 3 development costs. Under the agreement we are also eligible to receive royalties on the net sales of MGA271 licensed products at percentages ranging from the low double digits to the mid-teens, subject to reductions in specified circumstances. Under specific circumstances, Servier may defer payment of certain milestone payments.

Research Plan. Under the agreement, we are responsible for conducting research according to an agreed upon research plan during a specified research term. The activities under the research plan include the generation of data by us that the parties have agreed will be included in a data package, or MGA271 data package. We will continue conducting the current Phase 1 trial of MGA271 under the research plan. Under the agreement, Servier may conduct separate development and clinical activities under the research plan, subject to our approval. The term of the research plan begins on the effective date of the agreement and ends on the earlier of November 24, 2015 or the expiration of Servier's option under the agreement. In general, during the research term, each party is responsible for the internal and external costs it incurs to conduct its activities under the research plan.

Manufacturing. Under the agreement we are obligated to supply cGMP produced MGA271 licensed products to supply Servier's clinical development needs for its Phase 1 and first two Phase 2 clinical trials according to a clinical supply agreement negotiated between the parties. Servier is obligated to pay for such supply of MGA271 licensed product under the clinical supply agreement at our fully burdened manufacturing cost. Prior to exercising its option, we can supply clinical material for Servier's additional needs at our discretion. If Servier exercises its option, upon its request, we are obligated to enter into negotiations to execute a commercial supply agreement for MGA271 licensed product.

Option. Generally, Servier may exercise its option at any time after the effective date of the agreement until ninety days after Servier's receipt of the MGA271 data package which shall include results from completed expansion cohorts from the Phase 1 clinical trial. In the event Servier exercises the option, Servier must pay a license grant fee, which we estimate to be $30 million, based on the number of different indications represented within the patient population in a planned expansion cohort in our Phase 1 clinical trial of MGA271. If Servier elects not to exercise the option, it will lose all rights to develop and commercialize MGA271 licensed products and we will be entitled to develop and commercialize MGA271 licensed products throughout the world exclusively or with a third party or parties.

License/Exclusivity. If Servier exercises the option it will receive an exclusive license to develop and commercialize MGA271 licensed products in all countries of the world other than the United States, Canada, Mexico, Japan, South Korea and India.

In addition to Servier's exclusive right to develop and commercialize MGA271 licensed products under the agreement, there are additional obligations regarding exclusivity and noncompetition.

In addition to these provisions, in the event that we seek to grant rights to a third party to develop and/or commercialize certain DARTs that bind the B7-H3 receptor outside the United States, Servier has a right of first negotiation to obtain such rights. If Servier declines to enter negotiations or the parties fail to execute an

agreement granting Servier such rights within a specified time period, subject to specified exceptions, we will have the right to enter negotiations with a third party for the same rights.

Term and Termination. If Servier does not exercise its' option, the agreement terminates upon the expiration of the option. If Servier exercises the option, the agreement will terminate in its entirety upon the later of the expiration of the last-expiring patent related to an MGA271 licensed product, the regulatory based exclusivity period or 12 years after the first commercial sale of any MGA271 licensed product. The agreement contains customary termination rights.

Servier DART Agreement

Overview. In September 2012, we entered into a second agreement with Servier and granted it options to obtain three separate exclusive licenses to develop and commercialize DART-based molecules, consisting of those designated by us as MGD006 and MGD007, as well as a third DART molecule, collectively referred to as the DART-licensed products, in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. Under the terms of the agreement, we received a $20 million option grant fee. In addition, we will be eligible to receive up to approximately $1 billion in additional license grant fees, and clinical, development, regulatory and sales milestone payments if Servier exercises all of the options and successfully develops, obtains regulatory approval for and commercializes a product under each license, including $5 million upon IND acceptance for each of MGD006, MGD007 and a third DART molecule. In addition to these milestones, we and Servier will share Phase 2 and Phase 3 development costs. Under the agreement we are also eligible to receive royalties on the net sales of DART licensed products at percentages ranging from the low double digits to the mid-teens, subject to reductions in specified circumstances.

Research Programs. Under the agreement, we are responsible for conducting research according to an agreed upon research plan for each option target during the specified research term. Each research plan and its activities are considered a research program. The activities under each research plan include the generation of data by us that the parties have agreed that will be included in a data package, or the Servier DART data package. With our consent, Servier may conduct separate development and clinical activities under a research plan. The research term for each research program begins on the effective date of the agreement and ends on the earlier of September 19, 2016 or the expiration of the applicable option. In general, during each research term, each party is responsible for the internal and external costs it incurs to conduct its activities under that research plan.

Manufacturing. Under the agreement we are obligated to negotiate a clinical supply agreement with Servier regarding the supply of cGMP produced material to supply Servier's clinical development needs for its Phase 1 and first two Phase 2 clinical trials for each DART licensed product. Servier pays for such supply of each DART licensed product under each clinical supply agreement at our fully burdened manufacturing cost. Prior to exercising one of its options, we can supply clinical material for Servier's additional needs at our discretion. If Servier exercises an option, then upon Servier's request, we are obligated to enter negotiations to execute a commercial supply agreement for DART licensed products subject to that option.

Option. Under the terms of the agreement, each option may be exercised by Servier within ninety days after Servier's receipt of the applicable Servier DART data package. In the event Servier exercises an option, Servier must pay a specified license grant fee for exercising that option. The respective license grant fees are $15 million for the MGD006 option, which becomes exercisable upon completion of our GLP toxicology study, and additional amounts related to MGD007, and a remaining DART molecule, which become exercisable after a significant portion of the Phase 1 trials for each of these programs is completed. If Servier elects not to exercise an option, it will lose all rights to develop and commercialize DARTs that bind such option target and we will be entitled to develop and commercialize DARTs that bind the former option target throughout the world exclusively or with a third party or parties, subject to Servier's right of first negotiation, as described below.

Licenses/Exclusivity. If Servier exercises an option it will receive an exclusive license to develop and commercialize DARTs that bind to the option target for that option, and pharmaceutical products that comprise

or contain such DARTs, in all countries of the world other than the United States, Canada, Mexico, Japan, South Korea and India.

In addition to Servier's exclusive right to develop and commercialize DARTs under each license, under the agreement there are additional obligations regarding exclusivity and noncompetition.

In addition to these provisions, in the event that we seek to enter into a transaction under which we would grant rights to a third party to develop and/or commercialize certain product candidates in Servier's territory that bind an option target in exchange for certain consideration, Servier has a right of first negotiation to obtain such rights. If Servier declines to enter negotiations or the parties fail to execute an agreement granting Servier such rights within a specified time period, we will have the right, subject to specified exceptions, to enter negotiations with a third party for the same rights.

Term and Termination. If Servier does not exercise any option, the agreement terminates upon the expiration of the last to expire option. If Servier exercises an option, the agreement will terminate in its entirety with respect to such DART licensed product upon the later of the expiration of the last-expiring patent related to a DART licensed product, the regulatory based exclusivity period or 12 years after the first commercial sale of a DART licensed product. The agreement contains customary termination rights.

Gilead

*Overview***.** In January 2013, we entered into an agreement with Gilead to grant Gilead (i) an exclusive worldwide license to research, develop, manufacture and commercialize DARTs that bind to a first pair of specified targets; (ii) an exclusive option for an exclusive license to research, develop, manufacture and commercialize DARTs that bind to a second pair of specified targets in North America, the European Union, Norway, Iceland, Turkey, Australia and New Zealand; and (iii) separate exclusive options for worldwide exclusive licenses to research, develop, manufacture and commercialize DARTs that bind to third and fourth pairs of targets to be subsequently identified by Gilead and accepted by us within a specified time period after the effective date of the agreement, which we collectively refer to as the Gilead licensed products. We received an initial $7.5 million license grant fee for granting Gilead a license to the first target pair, and are eligible to receive up to an additional $22.5 million in grant fees on the remaining three pairs of targets. We are further eligible to receive up to an additional $85 million in pre-clinical milestones across the four DART programs and up to approximately $1 billion in additional clinical, regulatory and sales milestones payments if Gilead exercises all four of the options and achieves all of the requisite milestones under each option and license. Under the agreement, we are also eligible to receive tiered royalties on the net sales of Gilead licensed products at percentages ranging from the high-single digits to the low double digit, but less than teen royalties subject to reductions in specified circumstances.

Research Programs. During specified research terms, we are responsible for conducting research according to an agreed upon research plan for each pair of targets for which Gilead exercises its option. Each research plan and its activities are considered a research program. Upon approval by the joint research committee, Gilead may conduct separate development and clinical activities under a research plan. The term of the research plan for the first target pair has already begun. The research terms of the research plans for the second, third and fourth target pairs can begin only after Gilead's exercise of the options for such target pairs. Gilead has fixed time periods to exercise its options for the second, third and fourth target pairs and we may decline to accept Gilead's selections of the third and fourth target pairs under specified circumstances.

During each research term, Gilead will reimburse us for all internal and external costs we incur to conduct our assigned activities under that research plan, subject to specified limitations.

Licenses. Under the agreement, we granted Gilead an exclusive worldwide license to research, develop, manufacture and commercialize DARTs that bind to the first pair of specified targets. Upon initiation of the research term for the second target pair, we will grant Gilead an exclusive license to research, develop,

manufacture and commercialize DARTs that bind to that pair of specified targets in North America, the European Union, Norway, Iceland, Turkey, Australia and New Zealand. Upon initiation of each of the research terms for the third and fourth target pairs we will grant Gilead a worldwide exclusive license to research, develop, manufacture and commercialize DARTs that bind to the corresponding target pair.

In the event that we seek to license our rights to develop DARTs that bind to the second target pair in countries not included in the license for the second target pair, Gilead has a right of first negotiation to obtain such rights.

Pre-clinical Milestone. Notice by Gilead to pay the pre-clinical milestone for each target pair category must be provided to us within specified time periods. Upon providing notice to pay a pre-clinical milestone for a target pair category, Gilead will become responsible for all research, development and commercialization activities with respect to licensed products within such target pair category in Gilead's territory for such target pair license.

Exclusivity. Subject to specified exceptions, during the term of the agreement, other than with respect to the research and development activities pursuant to the agreement, we may not, directly or indirectly, research, develop, manufacture or commercialize a product that binds to both targets from any target pair category covered by the agreement in a country where Gilead has been granted a license for such target pair.

Term and Termination. The agreement will terminate in its entirety upon the later of the expiration of the last-expiring patent related to a Gilead licensed product, the regulatory based exclusivity period or 12 years after the first commercial sale of a Gilead licensed product. Gilead has the right to terminate the agreement at any time with respect to one or more selected target pairs or in its entirety, upon prior written notice to us. The agreement contains customary termination rights.

Boehringer

Overview. In October 2010 we entered into a collaboration and license agreement with Boehringer to discover, develop and commercialize up to ten DART-based molecules which span multiple therapeutic areas. Under the terms of the agreement, we granted Boehringer an exclusive, worldwide, royalty-bearing, license under our intellectual property to research, develop, and market DARTs generated under the agreement, or the Boehringer licensed products, throughout the world.

Under the agreement, we received an upfront payment of $15 million. We subsequently received two annual maintenance payments and anticipate receiving a third annual maintenance payment in the fourth quarter of 2013. We have the potential to earn development, regulatory and sales milestone payments that can reach up to approximately $210 million for each of the DART programs under this agreement in the case of full commercial success of multiple DART products. Boehringer also provides funding for our internal and external research costs and is required to pay us mid-single digit royalties, on a licensed product-by-licensed product basis, on worldwide net sales, subject to reductions in specified circumstances. We have the option to co-promote certain DART products in the United States and may elect to co-fund Phase 3 clinical development in exchange for an increased royalty rate on net sales.

Research. Under the agreement, Boehringer is entitled to select up to ten pairs of targets for which we would generate DARTs that bind to such targets. Several of the targets were identified in the agreement. Subsequent target pairs are selected according to a process which permits us to decline to accept such target pairs under specified circumstances. During the research term of the agreement, we are responsible for generating pre-clinical DART candidates that bind the accepted target pairs and generating data according to specified criteria which will be presented to Boehringer as a data package. If Boehringer accepts a pre-clinical DART candidate it will be responsible for subsequent development and commercialization of such pre-clinical DART candidate. We have the right to co-fund a portion of the Phase 3 clinical development in exchange for an increased royalty rate. We also have the right to co-promote up to two DART products that are developed under the agreement.

Equity Purchase. Boehringer purchased $10 million of our Series D-2 preferred stock in January 2011.

Exclusivity. Subject to specified exceptions, during the term of the agreement, other than with respect to Boehringer licensed products, we agreed not to research, develop or commercialize any product using our DART platform that is directed to a target covered under the agreement. Subject to specified exceptions, we further agreed not to grant any third party rights to research, develop or commercialize any product using our DART platform that is directed to a specified number of specific targets identified in the agreement, until a specified time period or the date on which neither of the identified targets has been selected as a target subject to development and commercialization under the agreement.

Term and Termination. The agreement will terminate in its entirety upon the later of the expiration of the last-expiring patent related to a Boehringer licensed product, or 12 years after the first commercial sale of a Boehringer licensed product. Boehringer has the right to terminate the agreement at any time with respect to one or more selected target pairs or in its entirety, upon prior written notice to us. However, it must maintain research efforts during a specified time period of the agreement. The agreement may also be terminated by either Boehringer or us in the event of an uncured material breach by the other party.

Pfizer

Overview. In October 2010, we entered into a research collaboration and license agreement with Pfizer. Under the agreement, we granted Pfizer a non-exclusive worldwide, royalty-bearing license and received upfront and milestone payments and funding for our internal and external research costs under the agreement. Under the terms of the agreement, we received a non-refundable, non-creditable $5 million upfront fee. In addition, we are eligible to receive up to approximately $210 million per Pfizer DART molecule, as defined in the agreement, in technical, development and sales milestone payments if specified net sales thresholds are reached. We are also entitled to receive royalties from Pfizer at percentages ranging from the mid-single digits to the low-teens on net sales of any Pfizer DART. Under this collaboration, one DART program is currently being pursued and we will complete our research obligations under this program in January 2014.

Research. Under the agreement, we are obligated to construct Pfizer DARTs that bind to a first and second target identified in the agreement that are each expressed on cancer cells. During the research term of the agreement, which expires on October 13, 2013, we conduct pre-clinical development of the Pfizer DARTs in collaboration with Pfizer according to an agreed upon research plan. Under certain circumstances, Pfizer has the right to substitute the second target during specified periods. Pfizer has exercised those rights at various times during the specified periods which have now expired.

Product Development. Upon expiration of the research term in October 2013, Pfizer will use commercially reasonable efforts to develop and obtain regulatory approval for each Pfizer DART in both the United States and other specified countries. In addition, Pfizer will use commercially reasonable efforts to commercialize a Pfizer DART in each country where Pfizer has received regulatory approval.

Commercialization. Under the Agreement, Pfizer has sole responsibility and authority for commercialization of Pfizer DARTs at its sole expense.

Manufacturing. Pfizer has the exclusive right to manufacture Pfizer DARTs.

License. Under the Agreement we granted Pfizer an exclusive, worldwide license to use, develop, manufacture, and commercialize Pfizer DARTs. The license includes the right to sublicense.

Exclusivity. Subject to specified exceptions, until October 3, 2015, we agreed not to research, develop, commercialize, manufacture, or grant any third party rights to research, develop, commercialize, or manufacture, (i) a Pfizer DART that binds to a cancer target for which a Pfizer DART is under development in the agreement; or (ii) product candidates based on an antibody that we have supplied to serve as the basis for generating a Pfizer DART that is in development under the agreement.

Term and Termination. The agreement will terminate in its entirety upon the later of the expiration of the last-expiring patent related to a Pfizer DART licensed product, or 12 years after the first commercial sale of a Pfizer DART licensed product. We or Pfizer may terminate the agreement in the event of an uncured material breach by the other party. After a specified period, Pfizer may terminate the agreement for convenience upon prior written notice to us.

Green Cross

Overview. In June 2010, we entered into a Collaboration Agreement with Green Cross Corp., or Green Cross, to grant Green Cross an exclusive license to conduct specified Phase 1 and Phase 2 trials and commercialize margetuximab in South Korea. Under the terms of the agreement, we received a non-refundable $1.0 million upfront fee and are eligible to receive clinical, development and commercial milestone payments up to $4.5 million if Green Cross commercializes margetuximab. We are also entitled to receive royalties ranging from the low-single digits to the low-twenties on net sales of margetuximab by Green Cross in South Korea. In addition, Green Cross purchased $2.0 million of our Series D-2 Preferred Stock in January 2011.

Clinical Development. Initial development of margetuximab under the agreement is being conducted according to a Phase 1 development plan that has been agreed upon by the parties. We hold the clinical trial application for the ongoing Phase 1 clinical trial conducted in South Korea. Based upon an amendment to the agreement, Green Cross is responsible for all of its costs to conduct the Phase 1 development plan up to a specified amount and, we are responsible for all of our own costs to conduct the Phase 1 development plan.

Development of margetuximab under the agreement after completion of the Phase 1 clinical trial will be conducted according to a Phase 2 development plan. In that regard, Green Cross is obligated to use best efforts to initiate a Phase 2 clinical trial with margetuximab in South Korea within a specified period of time after the completion of the Phase 1 trial. The costs of conducting the Phase 2 trial will be the responsibility of Green Cross. After completion of the Phase 1 trial, Green Cross has the responsibility for submitting clinical trial applications to the Korea Food and Drug Administration, or KFDA.

Green Cross shall have the option to participate in any additional studies to the extent such studies are required by the KFDA to obtain approval of margetuximab in South Korea.

Commercialization. Under the Agreement Green Cross has sole responsibility and authority for commercialization of margetuximab in South Korea at its sole expense.

Manufacturing. We are responsible for supply of margetuximab that is used for clinical development by Green Cross in South Korea.

License. Under the Agreement we granted Green Cross an exclusive license to conduct specified Phase 1 and Phase 2 trials and commercialize margetuximab in South Korea.

Consideration. Under the Agreement, we received a non-refundable $1.0 million upfront fee and are eligible to receive clinical, development and commercial milestone payments up to $4.5 million if Green Cross commercializes margetuximab. In addition, we are entitled to receive royalties which are determined by a formula that allocates the cost of commercial supply and third party royalties against net sales.

Term and Termination. The agreement will terminate in its entirety upon the later of the expiration of the last-expiring patent related to margetuximab, or 12 years after the first commercial sale of margetuximab in South Korea. The agreement may also be terminated by either Green Cross or us in the event of an uncured material breach by the other party. The agreement may be terminated by us immediately in the event Green Cross participates or actively assists in a legal challenge to one of the patents exclusively licensed to Green Cross under the agreement. Either party may terminate the agreement in the event of a change in control of the other party upon 30 days prior written notice to the other party.

Intellectual Property

We strive to protect the proprietary technologies that we believe are important to our business, including seeking and maintaining patent protection intended to protect, for example, the composition of matter of our product candidates, their methods of use, the technology platforms used to generate them, related technologies and/or other aspects of the inventions that are important to our business. We also rely on trade secrets and careful monitoring of our proprietary information to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

We plan to continue to expand our intellectual property estate by filing patent applications directed to dosage forms, methods of treatment and additional compositions created or identified from our technology platforms and ongoing development of our product candidates. Specifically, we seek patent protection in the United States and internationally for novel compositions of matter directed to aspects of the molecules, basic structures and processes for manufacturing these molecules and the use of these molecules in a variety of therapies.

Our success will depend significantly on our ability to obtain and maintain patent and other proprietary protection for commercially important technology, inventions and know-how related to our business, defend and enforce our patents, maintain our licenses to use intellectual property owned by third parties, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and other proprietary rights of third parties. We also rely on know-how, continuing technological innovation and in-licensing opportunities to develop, strengthen, and maintain our proprietary positions. We currently use multiple industry-standard patent monitoring systems to monitor new United States Patent and Trademark Office, or USPTO, filings for any applications by third parties that may infringe on our patents. To date, we have not identified any potential infringement of our patents by third parties.

A third party may hold intellectual property, including patent rights that are important or necessary to the development of our product candidates or use of our technology platforms. It may be necessary for us to use the patented or proprietary technology of third parties to commercialize our product candidates, in which case we would be required to obtain a license from these third parties on commercially reasonable terms, or our business could be harmed, possibly materially. For example, certain patents held by third parties cover Fc engineering methods and mutations in Fc regions to enhance the binding of Fc regions to Fc receptors on immune cells. Although believe that these patents are invalid, if they cover margetuximab or MGA271 and we are unable to invalidate them, or if licenses for them are not available on commercially reasonable terms, our business could be harmed, perhaps materially.

The patent positions of biopharmaceutical companies like us are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted by the courts after issuance. Consequently, we do not know whether any of our product candidates will be protectable or remain protected by enforceable patents. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. Any patents that we hold may be challenged, narrowed, circumvented or invalidated by third parties.

Because patent applications in the United States and certain other jurisdictions are maintained in secrecy for 18 months or potentially even longer, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, we cannot be certain of the priority of inventions covered by pending patent applications. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention. We are participating in post-grant challenge proceedings, such as oppositions, that challenge the patentability of third party patents and may have to participate in such proceedings again in the future. Such proceedings could result in substantial cost, even if the eventual outcome is favorable to us.

The patent portfolios for our most advanced programs are summarized below.

Margetuximab. We own our margetuximab patent portfolio, which includes one issued patent and one pending U.S. patent application. Our issued patent relates to the composition of or methods of making or using margetuximab and covers Fc engineered HER2 binding antibodies. This patent will expire in 2025. Related Patent Cooperation Treaty, or PCT, and national patent applications filed in a number of other countries are pending. Any patents resulting from these patent applications, if issued, will expire in 2025. Our current pending U.S. application relates to the composition of margetuximab. If issued, this patent will expire in 2029. We filed related PCT and national patent applications in a number of other countries. Any patents resulting from these patent applications, if issued, also will expire 2029.

Certain issued patents and pending U.S. patent applications for our Fc Optimization platform portfolio provide additional intellectual property protection for margetuximab. We own three issued patents in this portfolio, two that relate to compositions of matter and one that covers methods of use. In addition, we have four current pending U.S. patent applications relating to compositions of matter, methods of using, and methods of making. The issued patents and any patents resulting from the pending patent applications, if issued, will expire between 2024 and 2030. PCT and national patent applications filed in a number of other countries are pending. Any patents resulting from these applications, if issued, will expire on the same dates as our corresponding U.S. patents.

MGA271. We own our MGA271 patent portfolio. This portfolio includes two pending U.S. patent applications. One of these pending patent applications claims MGA271 variable domains that bind to the B7-H3 receptor. Both pending patent applications cover the composition of or methods of making or using MGA271. In addition, related PCT and related national patent applications are pending in several other countries. The U.S. pending patent applications and national patent applications, if issued, will expire in 2031. MGA271 is also covered by the same patents and patent applications from our Fc Optimization platform portfolio that cover margetuximab.

MGD006. We own our MGD006 patent portfolio. This portfolio includes one U.S. pending provisional patent application that claims general composition of or methods of making or using MGD006. Any patents resulting from this application, if issued, will expire in 2034. We expect to file PCT and national patent applications in other countries in the future.

Three pending U.S. patent applications for our DART platform portfolio claiming compositions of matter, methods of using, methods of making also cover MGD006. These patents, if issued, will expire between 2026 and 2031. In addition, related PCT and national patent applications filed in a number of other countries are pending. Any patents resulting from these patent applications, if issued, will expire on the same dates as our corresponding U.S. patents.

MGD010. We own our MGD010 patent portfolio. This portfolio includes four pending U.S. patent applications. Each patent application claims compositions of matter, methods of using, and methods of making. If issued, any patents resulting from these applications will expire between 2022 and 2034. In addition, related PCT and national patent applications in a number of other countries are pending. Any patents resulting from these patent applications, if issued, will expire on the same dates as our corresponding U.S. patents.

Three pending U.S. patent applications for our DART platform portfolio claiming compositions of matter, methods of using, methods of making also cover MGD010. Any patents resulting from these U.S. patent applications will expire between 2026 and 2031. In addition, related PCT and national patent applications in a number of other countries are pending. Any patents resulting from these patent applications, if issued, will expire on the same dates as our corresponding U.S. patents.

DART Platform. We own our DART platform patent portfolio. This portfolio includes seven pending U.S. patent applications, each of which claims compositions of matter, methods of using, and methods of making. Patents resulting from six of these U.S. patent applications, if issued, will expire between 2026 and 2031. The remaining application, which relates to certain mutations incorporated into our DARTs, if issued, will expire in 2032. In addition, related PCT and national patent applications in a number of other countries are pending. Any patents resulting from these patent applications, if issued, will expire on the same dates as our corresponding U.S. patents. A PCT application in our DART Platform patent portfolio also relates to a particular binding component of our DARTs. Related national applications will be filed in the future.

Fc Optimization Platform. We own our Fc Optimization platform patent portfolio. This portfolio includes three issued U.S. patents that cover the compositions of antibody Fc regions with certain mutations that affect their binding to Fc receptors. These patents expire in 2024. Related national patents have issued in a number of other countries or are pending. The issued patents and any patents resulting from the pending patent applications, if issued, will expire in 2024.

Cancer Stem-like Cell Platform. We own our cancer stem-like cell platform patent portfolio. This portfolio consists of one issued U.S. patent that will expire in 2028. Related national patents have issued in a number of other countries and will expire on the same date. In addition to patent protection, we will also rely on the use of trade secrets to protect our cancer stem-like cell platform.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application.

However, the term of the U.S. patents may be extended due to delays encountered during prosecution which are caused by the USPTO or by delays incurred due to compliance with FDA regulations.

FDA Regulatory Review Process

The Hatch-Waxman Act permits a patent term extension for FDA-approved drugs of up to five years beyond the expiration of the patent. The length of the patent term extension is related to the length of time the drug is under regulatory review. Patent extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended. Similar provisions are available in Europe and other jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our pharmaceutical product candidates receive FDA approval, we expect to apply for patent term extensions on patents covering those products. We intend to seek patent term extensions to any of our issued patents in any jurisdiction where these are available, however there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and even if granted, the length of such extensions.

Trade Secrets

We also rely on trade secret protection for our confidential and proprietary information. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. Thus, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions

conceived by the individual, and which are related to our current or planned business or research and development or made during normal working hours, on our premises or using our equipment or proprietary information, are our exclusive property. In many cases our confidentiality and other agreements with consultants, outside scientific collaborators, sponsored researchers and other advisors require them to assign or grant us licenses to inventions they invent as a result the work or services they render under such agreements or grant us an option to negotiate a license to use such inventions.

Also included in our trade secrets are hybridomas which express antibodies that bind to proteins which are or may be expressed on cancerous cells, including cancer stem cells. The antibodies produced by each hybridoma are unique and may have properties that are absent in antibodies expressed by other hybridomas. These properties could confer advantages and capabilities to product candidates developed with antibodies that exhibit such properties. We closely control and monitor access to the hybridomas and the antibodies they produce. Before receiving such materials, our collaborators, prospective collaborators and all other parties are required to execute material transfer agreement or other agreement which contractually limit their permitted uses and dissemination of such materials. In many cases our agreements with other parties granting access to and use of our biological materials require them to assign or grant us licenses to inventions they invent as a result or their use of the materials or grant us an option to negotiate a license to use such inventions

In-Licensed Intellectual Property

We have entered into patent and know-how license agreements which grant us the right to use a certain technology related to biological manufacturing to manufacture margetuximab and MGA271. We anticipate using this technology for future product candidates. This licensor has a business dedicated to licensing this technology and we anticipate that licenses to use the technology for our future products will be available. The licenses typically include an obligation to pay an upfront payment, yearly maintenance payment and sales royalties.

We have entered into a research evaluation agreement for a technology related to biological manufacturing that we anticipate using to manufacture certain DART products. This licensor has a business dedicated to licensing this technology and we anticipate that licenses will be available to use it to manufacture quantities of the DART products for clinical and commercial uses. The licenses may include an obligation to pay an upfront payment, yearly maintenance payments, milestones and sales royalties.

In establishing our Fc Optimization platform, we entered into patent license agreements which grant us the right to use technologies to generate mutant Fc regions. The licenses include obligations to pay a yearly maintenance payment, development milestones and sales royalties on products we develop and commercialize that include mutant Fc regions generated using the patented technologies.

Manufacturing

We currently have a manufacturing facility located in Rockville, Maryland. This facility has been used to manufacture all of the current clinical supply for margetuximab and MGA271 to date. We currently have capacity to produce Phase 2 material for our antibody product candidates and all clinical and commercial material for our DART therapeutics. For our Phase 3 clinical trials for our antibody product candidates and for commercial sale quantities of such candidates, we anticipate that we will need to obtain additional manufacturing capacity through contract manufacturers to be able to supply the quantities required. We intend to screen multiple manufacturers to provide the drug substance for commercial purposes for some of our product candidates prior to the filing of a BLA. We currently rely on and will continue to rely on contract fill-finish service providers to fulfill our fill-finish needs for our current and future product candidates.

All of our product candidates are biologics and are manufactured in disposable bioreactors in CHO cells in accordance with current Good Manufacturing Practices, or cGMP. We expect to continue to develop product candidates that can be produced at our manufacturing facility and at contract manufacturing facilities.

We generate cell lines internally that serve as the source for our biologic drug substance. These cell lines are then sent to a vendor where they are expanded and banked, and are available upon our request to use in developing drug substance. All other manufacturing materials used in the production of drug substance are readily available in the ordinary course of business from a number of standard biotechnology vendors.

We generally expect to rely on third parties for the development and manufacturing of our companion diagnostics.

Commercialization

We have not yet established a sales, marketing or product distribution infrastructure because our lead product candidates are still in clinical development. We generally seek to retain commercial rights in the United States for our clinical product candidates for which we hope to receive marketing approvals and have done so to date in our collaborations other than our Boehringer, Gilead and Pfizer collaborations. We believe that it will be possible for us to access the United States oncology market through a targeted specialty sales force.

Subject to receiving marketing approvals, we expect to commence commercialization activities by building a focused sales and marketing organization in the United States to sell our products. We believe that such an organization will be able to address the community of oncologists who are the key specialists in treating the patient populations for which our oncology product candidates are being developed. Outside the United States, we expect to enter into distribution and other marketing arrangements with third parties for any of our product candidates that obtain marketing approval.

We also plan to build a marketing and sales management organization to create and implement marketing strategies for any products that we market through our own sales organization and to oversee and support our sales force. The responsibilities of the marketing organization would include developing educational initiatives with respect to approved products and establishing relationships with thought leaders in relevant fields of medicine.

We expect that our collaborators for any companion diagnostics we may develop in the future for use with our product candidates will hold the commercial rights to these diagnostic products. We expect to coordinate closely with our diagnostic collaborators in connection with the marketing and sale of our related product candidates.

Competition

The biopharmaceutical industry is characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. While we believe that our technology, knowledge, experience and scientific resources provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

There are a large number of companies developing or marketing treatments for cancer and autoimmune disorders, including many major pharmaceutical and biotechnology companies. These treatments consist both of small molecule drug products, as well as biologic therapeutics that work by using next-generation antibody technology platforms to address specific cancer targets. In addition, several companies are developing therapeutics that work by targeting multiple specificities using a single recombinant molecule. Amgen is now in late-stage clinical development of cancer product candidates which work by targeting antigens both on immune effector cell populations and those expressed on certain cancer cells. In addition, other companies are developing new treatments for cancer and autoimmune diseases that enhance the Fc regions of antibodies to create more potent antibodies, including Roche and Xencor, Inc.

Many of our competitors have significantly greater financial, manufacturing, marketing, drug development, technical and human resources than we do. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining top qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

The key competitive factors affecting the success of all of our therapeutic product candidates, if approved, are likely to be their efficacy, safety, dosing convenience, price, the effectiveness of companion diagnostics in guiding the use of related therapeutics, the level of generic competition and the availability of reimbursement from government and other third party payors.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third party payors seeking to encourage the use of biosimilar products. Biosimilar products are expected to become available over the coming years. For example, certain HER2 biosimilar products may be approved prior to margetuximab. Even if our product candidates achieve marketing approval, they may be priced at a significant premium over competitive biosimilar products if any have been approved by then.

The most common methods of treating patients with cancer are surgery, radiation and drug therapy. There are a variety of available drug therapies marketed for cancer. In many cases, these drugs are administered in combination to enhance efficacy. While our product candidates may compete with many existing drug and other therapies, to the extent they are ultimately used in combination with or as an adjunct to these therapies, our product candidates will not be competitive with them. Some of the currently approved drug therapies are branded and subject to patent protection, and others are available on a generic basis. Many of these approved drugs are well established therapies and are widely accepted by physicians, patients and third party payors.

In addition to currently marketed therapies, there are also a number of products in late stage clinical development to treat cancer. These product candidates in development may provide efficacy, safety, dosing convenience and other benefits that are not provided by currently marketed therapies. As a result, they may provide significant competition for any of our product candidates for which we obtain marketing approval.

If our lead product candidates are approved for the indications for which we are currently undertaking clinical trials, they will compete with the therapies and currently marketed drugs discussed below.

Margetuximab. Irrespective of HER2 status, metastatic breast cancers are often treated with cytotoxic chemotherapies such as anthracyclines and taxanes, as well as capecitabine. Advanced and metastatic cancers are treated with chemotherapy and radiation therapy. In addition, there are several approved therapies specifically indicated for the treatment of early and advanced stage breast cancer and advanced gastroesophageal cancer that are HER2+, including Herceptin, Kadcyla, Tykerb and Perjeta, and each of those drugs targets HER2+ tumors.

MGA271. The most common treatments for solid tumors are various chemotherapeutic agents, radiation therapy and certain targeted therapies including monoclonal antibodies such as Herceptin, Avastin, Erbitux and Vectibix, as well as small molecule agents, including, Tarceva, Sunitinib and Sorafenib. No therapies are approved specifically for the treatment of tumors associated with the expression of B7-H3. Yervoy, which targets CTLA4, an inhibitory molecule on T cells, is currently indicated for the treatment of melanoma and marketed by

Bristol-Myers. In addition, there are several antibodies in development that target other members of the B7 family or their associated checkpoint receptors. These include anti-PD1 molecules by Merck and Bristol-Myers, and anti-PD-L1 molecules by Bristol-Myers and Roche and a PD-L1 Fc fusion protein by GSK and Amplimmune.

MGD006. The most common treatments for AML are various chemotherapeutic agents, radiation and stem cell transplants. No therapies are approved specifically for the treatment of AML associated with the expression of CD123. We are aware of a monoclonal antibody currently being developed by CSL Limited which targets CD123. In addition, StemLine Therapeutics, Inc. has treated patients in a clinical trial with a recombinant protein composed of IL-3 linked to a truncated diphtheria toxin payload.

MGD007. The most common treatments for gastroesophageal tumors are various chemotherapeutic agents, radiation therapy, monoclonal antibodies including Herceptin, Avastin, Erbitux, Vectibix, as well as small molecule agents. No therapies are approved specifically for the treatment of tumors associated with the expression of gpA33.

MGD010. Current B cell targeted therapies for autoimmune diseases include Rituxan and Arzerra for the treatment of rheumatoid arthritis and Benlysta for the treatment of SLE. In addition, several other therapies are available to reduce inflammation, including nonsteroidal anti-inflammatory drugs such as Advil and Aleve; corticosteroids such as prednisone; disease-modifying antirheumatic drugs such as methotrexate and hydroxychloroquine; immunosuppressants such as cyclosporine; and other drugs which target a variety of processes involved with inflammation such as Actemra, Kineret, Enbrel, Remicade, Humira, Simponi, Cimzia, Orencia and Xeljanz.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and in other countries extensively regulate, among other things, the research, development, testing, manufacture, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, import and export of pharmaceutical products such as those we are developing. The processes for obtaining regulatory approvals in the United States and in foreign countries, along with subsequent compliance with applicable statutes and regulations, require the expenditure of substantial time and financial resources.

FDA Approval Process

All of our current product candidates are subject to regulation in the United States by the FDA as biological products, or biologics. The Food and Drug Administration (FDA) subjects biologics to extensive pre- and post-market regulation. The Public Health Service Act (PHSA), the Federal Food, Drug, and Cosmetic Act (FDC Act) and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of biologics. Failure to comply with applicable U.S. requirements may subject a company to a variety of administrative or judicial sanctions, such as FDA refusal to approve pending BLAs, withdrawal of approvals, clinical holds, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties, or criminal penalties.

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

The process required by the FDA before a new biologic may be marketed in the United States is long, expensive, and inherently uncertain. Biologics development in the United States typically involves pre-clinical laboratory and animal tests, the submission to the FDA of an IND, which must become effective before clinical testing may commence, and adequate and well-controlled clinical trials to establish the safety and effectiveness of the biologic for each indication for which FDA approval is sought. Developing the data to satisfy FDA pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity, and novelty of the product or disease.

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

An IND must become effective before United States clinical trials may begin. A 30-day waiting period after the submission of each IND is required prior to the commencement of clinical testing in humans. If the FDA has neither commented on nor questioned the IND within this 30-day period, the clinical trial proposed in the IND may begin.

Clinical trials involve the administration of the investigational new drug or biologic to healthy volunteers or patients with the condition under investigation, all under the supervision of a qualified investigator. Clinical trials must be conducted: (i) in compliance with federal regulations; (ii) in compliance with good clinical practice, or GCP, an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators, and monitors; as well as (iii) under protocols detailing the objectives of the trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to the FDA as part of the IND.

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

Clinical trials to support BLAs for marketing approval are typically conducted in three sequential phases, but the phases may overlap or be combined. In Phase 1, the biologics initially introduced into healthy human subjects or patients, and the biologic is tested to assess pharmacokinetics, pharmacological actions, side effects associated with increasing doses, and, if possible, early evidence on effectiveness. In the case of some products for severe or life-threatening diseases, such as cancer treatments, initial human testing may be conducted in the intended patient population. Phase 2 usually involves trials in a limited patient population to determine the effectiveness of the biologic for a particular indication, dosage tolerance, and optimum dosage, and to identify common adverse effects and safety risks. If a compound demonstrates evidence of effectiveness and an acceptable safety profile in Phase 2 evaluations, Phase 3 trials are undertaken to obtain the additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites., These Phase 3 clinical trials are intended to establish data sufficient to demonstrate substantial evidence of the efficacy and safety of the product to permit FDA to evaluate the overall benefit-risk relationship of the biologic and to provide adequate information for the labeling of the biologic. Trials conducted outside of

the US under similar, GCP-compliant conditions in accordance with local applicable laws may also be acceptable to FDA in support of product licensing.

Sponsors of clinical trials for investigational drugs must publicly disclose certain clinical trial information, including detailed trial design and trial results in FDA public databases. These requirements are subject to specific timelines and apply to most controlled clinical trials of FDA-regulated products.

After completion of the required clinical testing, a BLA is prepared and submitted to the FDA. FDA review and approval of the BLA is required before marketing of the product may begin in the United States. The BLA must include the results of all pre-clinical, clinical, and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture, and controls and must demonstrate the safety and efficacy of the product based on these results. The BLA must also contain extensive manufacturing information. The cost of preparing and submitting a BLA is substantial. Under federal law, the submission of most BLAs is additionally subject to a substantial application user fee, as well as annual product and establishment user fees, which may total several million dollars and are typically increased annually.

The FDA has 60 days from its receipt of a BLA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission is accepted for filing, the FDA begins an in-depth review. The FDA has agreed to certain performance goals in the review of BLAs. Most such applications for standard review biologics are reviewed within ten months from the date the application is accepted for filing. Although FDA often meets its user fee performance goals, the FDA can extend these timelines if necessary, and FDA review may not occur on a timely basis at all. The FDA usually refers applications for novel biologics, or biologics which present difficult questions of safety or efficacy, to an advisory committee—typically a panel that includes clinicians and other experts—for review, evaluation, and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations. Before approving a BLA, the FDA will typically inspect one, or more, clinical sites to assure compliance with GCP. Additionally, the FDA will inspect the facility or the facilities at which the biologic is manufactured. The FDA will not approve the product unless it verifies that compliance with current good manufacturing practice, or GMP—a quality system regulating manufacturing—is satisfactory and the BLA contains data that provide substantial evidence that the biologic is safe and effective in the indication studied.

After the FDA evaluates the BLA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing, or information, in order for the FDA to reconsider the application. If, or when, those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the BLA, the FDA will issue an approval letter. The FDA has committed to reviewing such resubmissions in two or six months depending on the type of information included. The FDA approval is never guaranteed, and the FDA may refuse to approve a BLA if applicable regulatory criteria are not satisfied.

Under the PHSA, the FDA may approve a BLA if it determines that the product is safe, pure and potent and the facility where the product will be manufactured meets standards designed to ensure that it continues to be safe, pure, and potent. An approval letter authorizes commercial marketing of the biologic with specific prescribing information for specific indications. The approval for a biologic may be significantly more limited than requested in the application, including limitations on the specific diseases and dosages or the indications for use, which could restrict the commercial value of the product. The FDA may also require that certain contraindications, warnings, or precautions be included in the product labeling. In addition, as a condition of BLA approval, the FDA may require a risk evaluation and mitigation strategy (REMS) to help ensure that the benefits of the biologic outweigh the potential risks. REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use (ETASU). ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS or use of a companion

diagnostic with a biologic can materially affect the potential market and profitability of the biologic. Moreover, product approval may require, as a condition of approval, substantial post-approval testing and surveillance to monitor the biologic's safety or efficacy. Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing.

After a BLA is approved, the product may also be subject to official lot release. As part of the manufacturing process, the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official lot release by the FDA, the manufacturer submits samples of each lot of product to the FDA together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot. The FDA may also perform certain confirmatory tests on lots of some products, such as viral vaccines, before releasing the lots for distribution by the manufacturer. In addition, the FDA conducts laboratory research related to the regulatory standards on the safety, purity, potency, and effectiveness of biological products. After approval of biologics, manufacturers must address any safety issues that arise, are subject to recalls or a halt in manufacturing, and are subject to periodic inspection after approval.

Because biologically sourced raw materials are subject to unique contamination risks, their use may be restricted in some countries.

Fast Track

The Fast Track program, a provision of the FDA Modernization Act of 1997, is designed to facilitate interactions between a sponsoring company and the FDA before and during submission of a BLA for an investigational agent that, alone or in combination with one or more other drugs, is intended to treat a serious or life-threatening disease or condition, and which demonstrates the potential to address an unmet medical need for that disease or condition. Under the Fast Track program, the FDA may consider reviewing portions of a marketing application before the sponsor submits the complete application if FDA determines, after a preliminary evaluation of the clinical data, that a fast track product may be effective. A Fast Track designation provides the opportunity for more frequent interactions with the FDA, and a fast track product could be eligible for priority review if supported by clinical data at the time of submission of the BLA.

Biosimilars

The Patient Protection and Affordable Care Act (Affordable Care Act) signed into law on March 23, 2010, included a subtitle called the Biologics Price Competition and Innovation Act of 2009. That Act created an approval pathway authorizing the FDA to approve biosimilars and interchangeable biosimilars. Biosimilars are biological products which are "highly similar" to a previously approved biologic product or "reference product" and for which there are no clinically meaningful differences between the biosimilar product and the reference product in terms of the safety, purity, and potency. For FDA to approve a biosimilar product as interchangeable with a reference product, the agency must find that the biosimilar product can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the biosimilar and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic. However, complexities associated with the larger, and often more complex, structures of biological products, as well as the process by which such products are manufactured, pose significant hurdles to implementation, which are still being worked out by the FDA. To date, no biosimilar or interchangeable biologic has been licensed under the BPCIA framework, although such approvals have occurred in Europe, and it is anticipated that FDA will approve a biosimilar in the relatively near future.

A reference biologic is granted 12 years of exclusivity from the time of first licensure of the reference product. A biosimilar application may be filed four (4) years after the approval of the reference biologic. Although the patents for the reference biologic may be challenged by the biosimilar applicant during that time period pursuant to the BPCIA statutory patent challenge framework, no biosimilar or interchangeable product will be licensed by FDA until the end of the exclusivity period. The first biologic product submitted under the abbreviated approval pathway that is determined to be interchangeable with the reference product has exclusivity against other biologics submitting under the abbreviated approval pathway for the lesser of (i) one year after first commercial marketing, (ii) 18 months after the initial application if there is no legal challenge, (iii) 18 months after the resolution in the applicant's favor of a lawsuit challenging the biologics' patents if an application has been submitted, or (iv) 42 months after the application has been approved if a lawsuit is ongoing within the 42-month period. At this juncture, it is unclear whether products deemed "interchangeable" by FDA, in fact, will be readily substituted by pharmacies, which are governed by state pharmacy law.

Advertising and Promotion

Once a BLA is approved, a product will be subject to continuing post-approval regulatory requirements. For instance, FDA closely regulates the post-approval marketing and promotion of biologics, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the internet. Failure to comply with these regulations can result in significant penalties, including the issuance of warning letters directing a company to correct deviations from FDA standards, a requirement that future advertising and promotional materials be precleared by the FDA, and federal and state civil and criminal investigations and prosecutions.

Biologics may be marketed only for the approved indications and in accordance with the provisions of the approved labeling. Changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission and FDA approval of a new BLA or BLA supplement before the change can be implemented. A BLA supplement for a new indication typically requires clinical data similar to that in the original application, and the FDA uses the same procedures and actions in reviewing BLA supplements as it does in reviewing BLAs.

Adverse Event Reporting and GMP Compliance

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

Companion Diagnostics

The FDA regulates the sale or distribution, in interstate commerce, of medical devices, including IVDs. IVDs are a type of medical device that are intended to detect diseases, conditions, or infections, or the presence of certain genetic or other biomarkers. If safe and effective use of a therapeutic depends on an IVD, the FDA generally will require approval of the companion diagnostic, at the same time that the FDA approves the

therapeutic. The FDA previously has required *in vitro* companion diagnostics intended to identify the patients most likely to respond to a treatment to obtain approval of a premarket approval application (PMA) simultaneously with approval of the biologic. A required companion diagnostic has the potential to delay approval of the biologic and create barriers to patient access.

Orphan Drug

Under the Orphan Drug Act, the FDA may grant orphan drug designation to biologics intended to treat a rare disease or condition—generally a disease or condition that affects fewer than 200,000 individuals in the United States. Orphan drug designation must be requested before submitting a BLA. After the FDA grants orphan drug designation, the generic identity of the biologic and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not necessarily convey any advantage in, or shorten the duration of, the regulatory review and approval process. The first BLA applicant to receive FDA approval for a particular product to treat a particular disease with FDA orphan drug designation is entitled to a seven-year exclusive marketing period in the United States for that product, for that indication. During the seven-year exclusivity period, the FDA may not approve any other applications to market the same drug for the same disease, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. Orphan drug exclusivity does not prevent the FDA from approving a different biologic for the same disease or condition, or the same biologic for a different disease or condition. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the BLA application user fee.

We anticipate seeking orphan drug designation for margetuximab, MGA271, MGD006 and MGD007. Such designation would be sought in those populations that are being, or will be, studied to treat a disease or condition that affects fewer than 200,000 individuals in the United States.

Other Healthcare Laws and Compliance Requirements

In the United States, our activities are potentially subject to regulation by federal, state, and local authorities in addition to the FDA, including the Centers for Medicare and Medicaid Services, other divisions of the U.S. Department of Health and Human Services (e.g., the Office of Inspector General), the U.S. Department of Justice and individual U.S. Attorney offices within the Department of Justice, and state and local governments.

International Regulation

In addition to regulations in the United States, a variety of foreign regulations govern clinical trials, commercial sales, and distribution of product candidates. The approval process varies from country to country and the time to approval may be longer or shorter than that required for FDA approval.

Pharmaceutical Coverage, Pricing, and Reimbursement

In the United States and other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers, and other organizations. Third-party payors are increasingly examining the medical necessity and cost effectiveness of medical products and services in addition to safety and efficacy and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved therapeutics. Third-party reimbursement adequate to enable us to realize an appropriate return on our investment in research and product development may not be available for our products.

Facilities

Our headquarters are located in Rockville, Maryland, where we occupy office and laboratory space under a lease that expires on March 31, 2018. Our manufacturing facility is also located in Rockville under a lease with the same landlord that expires on December 31, 2014. We have an option under each lease to continue the respective lease for five years under the same terms. We also sublease office and laboratory space in South San Francisco under a lease that expires on December 31, 2018. We are seeking to sublease a substantial portion of this space.

Employees

As of August 31, 2013, we had 159 full-time employees, 125 of whom were primarily engaged in research and development activities and 34 of whom had an M.D. or Ph.D. degree.

Legal Proceedings

We are not currently a party to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table provides information with respect to our directors and executive officers as of August 31, 2013.

Name	Age	Position(s)
Executive Officers		
Scott Koenig, M.D., Ph.D.	61	President and CEO and Director
James Karrels	46	Vice President, Chief Financial Officer and Secretary
Ezio Bonvini, M.D.	59	Senior Vice President, Research
Kathryn Stein, Ph.D.	68	Senior Vice President, Product Development and Regulatory Affairs
Jon Wigginton, M.D.	51	Senior Vice President, Clinical Development
Stanford Stewart, M.D.	62	Vice President, Clinical Oncology Research
Eric Risser	41	Vice President, Business Development
Lynn Cilinski	55	Vice President, Controller and Treasurer
Directors		
Paulo Costa (2)	63	Chairman of the Board
Kenneth Galbraith (1)(3)	50	Director
Edward Hurwitz (1)(2)	49	Director
Eran Nadav, Ph.D (2)(3)	43	Director
Arnold Oronsky, Ph.D (1)(3)	73	Director
David Stump, M.D.	63	Director

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating and Corporate Governance Committee

Dr. Koenig has been our President and Chief Executive Officer and a director since September 2001 and was one of our co-founders. Prior to joining us, Dr. Koenig served as Senior Vice President of Research at MedImmune Inc., where he participated in the selection and maturation of their product pipeline. From 1984 to 1990, he worked in the Laboratory of Immunoregulation at the National Institute of Allergy and Infectious Diseases at the National Institutes of Health, where he investigated the immune response to retroviruses and studied the pathogenesis of AIDS. Dr. Koenig currently serves as Chairman of the Board of Directors of Applied Genetic Technologies Corporation and of the Children's Research Institute of Children's National Medical Center, and serves as a Board member of the Biotechnology Industry Organization (BIO) and Children's National Medical Center. Dr. Koenig received his A.B. and Ph.D. from Cornell University and his M.D. from the University of Texas Health Science Center in Houston. We believe that Dr. Koenig's detailed knowledge of our company and his over 29 years in research and the biotechnology industry provide a valuable contribution to our board of directors.

Mr. Karrels joined us as Vice President and Chief Financial Officer in May 2008 and has over 20 years of experience in finance, including approximately 15 years working for, or on behalf of, life sciences companies. Prior to joining us, he was at Jazz Pharmaceuticals, Inc., most recently serving as Executive Director of Finance, where he was responsible for the company's financial planning and analysis and investor relations activities. Prior to joining Jazz Pharmaceuticals, Mr. Karrels spent 11 years in the Investment Banking Group at Merrill Lynch, most recently serving as a Director in the Global Healthcare Group. Mr. Karrels holds an M.B.A. from Stanford University and a B.B.A. from the University of Notre Dame.

Dr. Bonvini, Senior Vice President, Research, joined us in June 2003. From 1985 to 2003, Dr. Bonvini was with the FDA in the Center for Biologics Evaluation and Research, or CBER, which is responsible for

regulating therapeutic monoclonal antibodies and other proteins, ultimately serving as Acting Deputy Director, Division of Monoclonal Antibodies and Chief, Laboratory of Immunobiology. From 1982 to 1984, Dr. Bonvini was a Visiting Fellow at the National Cancer Institute at the National Institutes of Health. Dr. Bonvini received a Diploma in Science from the Scientific Lyceum in Genoa, Italy, and his M.D. and Specialty Certification in Clinical Hematology from the University of Genoa, School of Medicine.

Dr. Stein joined us as Vice President, Product Development and Regulatory Affairs in May 2002 and has served as a Senior Vice President since 2006. From 1980 to 2002, Dr. Stein was at the FDA, including serving as Director, Division of Monoclonal Antibodies in the Office of Therapeutics Research and Review at CBER from 1992 to 2002. While at the FDA, Dr. Stein worked on all regulatory aspects of therapeutic proteins and monoclonal antibodies and was a leader in policy development at FDA for these products. Many currently marketed monoclonal antibodies were approved under her leadership. Dr. Stein received her Ph.D. in Microbiology and Immunology from the Albert Einstein College of Medicine of Yeshiva University and her B.A. in Chemistry from Bard College. Dr. Stein commits half of her time to us.

Dr. Wigginton joined us as Senior Vice President, Clinical Research in August 2013. Dr. Wigginton was previously the Therapeutic Area Head, Immuno-Oncology, Early Clinical Research and Executive Director, Discovery Medicine-Clinical Oncology at Bristol-Myers from October 2008 to August 2013. While there, he led the early clinical development of the Bristol-Myers' Immuno-Oncology portfolio including anti-PD-1 and anti-PD-L1. Prior to joining Bristol-Myers, Dr. Wigginton was the Director of Clinical Oncology at Merck Research Laboratories from May 2006 to October 2008, where he led early- and late-stage clinical development teams for small molecules and biologics. During his academic career, Dr. Wigginton held several positions at the National Cancer Institute Center for Cancer Research (NCI-CCR), including Head of Investigational Biologics Section, Pediatric Oncology Branch. Dr. Wigginton received his M.D. and B.S. in Biology from the University of Michigan.

Dr. Stewart joined us as Vice President, Clinical Oncology Research in July 2008. From 2005 to 2008, Dr. Stewart served as Vice President, Clinical Research at Raven Biotechnologies, Inc., which we acquired in July 2008. From 2001 to 2005, Dr. Stewart was with Corixa Corporation, most recently as Vice President, Clinical Research. Dr. Stewart was with ALZA Corporation in 2001 and from 1998 to 2001, he was with Genentech, where he was Clinical Scientist on the Herceptin project and guided post-marketing clinical development, including the adjuvant breast cancer program. Dr. Stewart trained in Medical Oncology at Stanford University, and served as a member of the faculty of the School of Medicine at Vanderbilt University for more than twelve years. Dr. Stewart received his M.D. from Baylor College of Medicine and his B.A. degree from Rice University.

Mr. Risser joined us as Vice President, Business Development in May 2009. Prior to joining us, Mr. Risser held the position of Senior Director, Business Development in the pharmaceutical group at Johnson & Johnson, where he worked from 2003 to 2009. Before Johnson & Johnson, Mr. Risser started and built a consulting practice that provided counsel to emerging life science companies in the United States and Europe. Earlier in his career, Mr. Risser held venture capital and investment banking positions with BA Venture Partners and Lehman Brothers Holdings Inc., respectively. Mr. Risser holds an M.B.A. from Stanford University and a B.A. from Yale University.

Ms. Cilinski, Vice President, Controller and Treasurer, joined us in October 2003. Prior to joining us, Ms. Cilinski spent a year as a consultant to various companies providing services to the government. Prior to that, she spent more than 20 years with Covanta Energy Inc. (formerly Ogden Corporation) where she held the position of Corporate Controller for four subsidiary companies that provided services to the federal government. Ms. Cilinski holds a B.S. from Strayer University.

Mr. Costa has served as a director since June 2009 and became chairman of the board in September 2013. Mr. Costa served as President and Chief Executive Officer of Novartis U.S. Corporation, a pharmaceutical

and consumer health company, from October 2005 to August 2008. From August 2009 to August 2012, Mr. Costa served as chairman of the board of directors of Amylin Pharmaceuticals Inc., a publicly held company, and currently serves as a director of two privately-held companies. Based on Mr. Costa's diverse experience in the pharmaceutical industry, ranging from successful product development, launch and commercialization and his extensive senior management experience within the industry, the board of directors believes Mr. Costa has the appropriate set of skills to serve as a member of the board of directors.

Mr. Galbraith has served as a director since July 2008. Mr. Galbraith is a Managing Director at Five Corners Capital Inc., general partner and investment manager of the Ventures West venture capital funds. He has served in this capacity, and in a similar capacity with the predecessor manager and general partner of these funds, since 2007. Mr. Galbraith has over 25 years of experience acting as an executive, director, investor and advisor to companies in the biotechnology, medical device, pharmaceutical and healthcare sectors. Mr. Galbraith has served as a director of Celator Pharmaceuticals, Inc., a publicly held company, since July 2007, and has also served as a director of Tekmira Pharmaceuticals Corp., a publicly held company, since January 2010. In addition, Mr. Galbraith serves as a director of several privately-held companies. Based on Mr. Galbraith's depth of experience in the biotechnology industry, ranging from executive officer to director roles, the board of directors believes Mr. Galbraith has the appropriate set of skills to serve as a member of the board of directors.

Mr. Hurwitz has served as a director since October 2004. Mr. Hurwitz has served as a Director of Alta Partners, a venture capital firm, since June 2002. Mr. Hurwitz also serves as a director of Sunesis Pharmaceuticals, Inc., a publicly held company, as well as several privately-held companies. The board of directors has concluded that Mr. Hurwitz should serve on the board of directors due to his financial and scientific expertise, as well as his deep understanding of the biotechnology industry, which the board of directors believes makes him an important resource for the board of directors as it assesses both financial and strategic decisions.

Dr. Nadav has served as a director since June 2013. Dr. Nadav is a Managing Director at TPG Biotech, the life science venture investment arm of TPG, a global private investment firm. Dr. Nadav joined TPG Biotech in 2007 with a focus on global pharmaceuticals and biotechnology investments. Prior to TPG, Dr. Nadav served as Business Development Director at Eisai Pharmaceuticals in New Jersey for four years, where he evaluated and negotiated notable licensing and acquisition deals. Prior to this, Dr. Nadav worked for Johnson & Johnson Development Corporation, the venture capital subsidiary of Johnson & Johnson, and for Neurim Pharmaceuticals. Based on Dr. Nadav's business experience and scientific expertise, the board of directors believes that Dr. Nadav has the appropriate set of skills to serve as a member of our board of directors.

Dr. Oronsky has served as a director since 2000. Dr. Oronsky has been a general partner with InterWest Partners, a venture capital firm, since 1994, focusing primarily on life science companies. Dr. Oronsky serves as a director of Tesaro, Inc., a publicly held company, as well as several privately held life science companies. The board of directors believes that Dr. Oronsky's experience in the life sciences industry as a venture capitalist and his service on the boards of directors of other public and private life sciences companies provides him with the qualifications and skills to serve as a director.

Dr. Stump joined our board of directors in September 2013. Dr. Stump was most recently Executive Vice President, Research and Development at Human Genome Sciences, Inc. from November 1999 until his retirement in December 2012. Dr. Stump also serves as a director of Sunesis Pharmaceuticals, Inc., a publicly held company, and as a director of Dendreon Corporation, also a publicly held company. The board of directors believes that Dr. Stump's medical training and 23 years of experience in research and development and operations in the biotechnology industry qualify him to serve as a member of our board of directors.

Board Composition and Election of Directors

Board Composition

Our board of directors currently consists of seven members, all of whom were elected as directors pursuant to a stockholders agreement that we have entered into with the holders of our preferred stock. The stockholders agreement will terminate upon the closing of this offering and there will be no further contractual obligations regarding the election of our directors. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

Our certificate of incorporation and bylaws that will become effective upon the closing of this offering provide that the authorized number of directors may be changed only by resolution of our board of directors. Our certificate of incorporation and bylaws also provide that our directors may be removed only for cause by the affirmative vote of the holders of at least 75% of the votes that all our stockholders would be entitled to cast in an annual election of directors, and that any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

In accordance with the terms of our certificate of incorporation and bylaws that will become effective upon the closing of this offering, our board of directors will be divided into three classes, class I, class II and class III, with members of each class serving staggered three-year terms. Upon the closing of this offering, the members of the classes will be divided as follows:

- Class I, whose term will expire at the annual meeting of stockholders to be held in 2014;
- Class II, whose term will expire at the annual meeting of stockholders to be held in 2015; and
- Class III, whose term will expire at the annual meeting of stockholders to be held in 2016.

Class I shall consist of Messrs. Koenig, Nadav and Oronsky, Class II shall consist of Messrs. Galbraith and Stump, and Class III shall consist of Messrs. Costa and Hurwitz. At each annual meeting of stockholders after the initial classification, the successors to directors whose terms will then expire serve from the time of election and qualification until the third annual meeting following election and until their successors are duly elected and qualified. 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. This classification of the board of directors may have the effect of delaying or preventing changes in control or management of our company.

We have no formal policy regarding board diversity. Our priority in selection of board members is identification of members who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business and understanding of the competitive landscape.

Independence of the Members of the Board of Directors

Director Independence

Applicable NASDAQ rules require a majority of a listed company’s board of directors to be comprised of independent directors within one year of listing. Under applicable NASDAQ rules, a director will only qualify as an “independent director” if, in the opinion of the listed company’s board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Consistent with these considerations, the board of directors has affirmatively determined that all of the members of our board of directors, except for Dr. Koenig, are independent directors within the meaning of the applicable NASDAQ listing requirements. In making its determination of independence, the board of directors considered the relationships of our directors, other than Mr. Costa, with certain of our principal stockholders. Our board of directors does not believe that these stockholder relationships interfere with these directors' exercise of independent judgment in carrying out their responsibilities as directors.

Board Committees

Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee.

Compensation Committee

Our compensation committee currently consists of Messrs. Hurwitz, Costa and Nadav. All members of the compensation committee are independent directors, as defined in the NASDAQ Global Select Market qualification standards. The functions of this committee include:

- reviewing and, as it deems appropriate, recommending to our board of directors, policies, practices and procedures relating to the compensation of our directors, officers and other managerial employees and the establishment and administration of our employee benefit plans;
- exercising authority under our employee benefit plans;
- reviewing and approving executive officer and director indemnification and insurance matters; and
- advising and consulting with our officers regarding managerial personnel and development.

Audit Committee

Our audit committee consists of Messrs. Hurwitz, Galbraith and Oronsky. All members of the audit committee are independent directors, as defined in the NASDAQ Global Select Market qualification standards. Each of Mr. Galbraith and Mr. Hurwitz qualifies as an "audit committee financial expert" as that term is defined in the rules and regulations established by the SEC. The functions of this committee include:

- meeting with our management periodically to consider the adequacy of our internal controls and the objectivity of our financial reporting;
- meeting with our independent auditors and with internal financial personnel regarding these matters;
- pre-approving audit and non-audit services to be rendered by our independent auditors;
- recommending to our board of directors the engagement of our independent auditors and oversight of the work of our independent auditors;
- reviewing our financial statements and periodic reports and discussing the statements and reports with our management, including any significant adjustments, management judgments and estimates, new accounting policies and disagreements with management;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls and auditing matters;

- reviewing our financing plans and reporting recommendations to our full board of directors for approval and to authorize action; and
- administering and discussing with management and our independent auditors our Code of Ethics.

Both our independent auditors and internal financial personnel regularly meet privately with the audit committee and have unrestricted access to this committee.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is comprised of Messrs. Galbraith, Nadav and Oronsky. All members of the nominating and corporate governance committee are independent directors, as defined in the NASDAQ Global Select Market qualification standards. The functions of this committee include:

- identifying qualified candidates to become members of our board of directors;
- selecting nominees for election of directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected);
- selecting candidates to fill vacancies of our board of directors;
- developing and recommending to our board of directors our corporate governance guidelines; and
- overseeing the evaluation of our board of directors.

Code of Conduct and Ethics

Our board of directors has adopted a code of conduct and ethics that establishes the standards of ethical conduct applicable to all directors, officers and employees of our company. The code addresses, among other things, conflicts of interest, compliance with disclosure controls and procedures and internal control over financial reporting, corporate opportunities and confidentiality requirements. The audit committee is responsible for applying and interpreting our code of conduct and ethics in situations where questions are presented to it.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee at any time has been one of our officers or employees. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers on our board of directors or compensation committee.

Executive Compensation

Our named executive officers for the year ended December 31, 2012 include our principal executive officer and two other officers:

- Scott Koenig, M.D., Ph.D., President and Chief Executive Officer;
- Anastasia Daifotis, M.D., our former Senior Vice President, Clinical Development; and
- Ezio Bonvini, M.D., Senior Vice President, Research.

2012 Summary Compensation Table

The following table presents the compensation awarded to, earned by or paid to each of our named executive officers for the year ended December 31, 2012.

Name and Position	Year	Salary $	Option Awards $(1)	Nonequity Incentive Plan Compensation(2)	All Other Compensation $(3)	Total $
Scott Koenig, M.D., Ph.D. President and Chief Executive Officer	2012	441,648	125,000	220,000	3,675	790,323
Anastasia Daifotis, M.D. Senior Vice President, Clinical Development(4)	2012	357,690	15,000	94,000	43,038	509,728
Ezio Bonvini, M.D. Senior Vice President, Research	2012	298,143	25,000	100,000	3,675	426,818

(1) The amounts reflect the grant date fair value for awards granted during 2012. The grant date fair value was computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation – Stock Compensation*.

(2) The amounts reflect the performance bonuses paid in 2013 for performance during 2012, as discussed further below under "Narrative to Summary Compensation Table—Nonequity Incentive Plan Compensation."

(3) The amounts reflect $3,675 in 401(k) matching for each of Dr. Koenig, Dr. Daifotis and Dr. Bonvini, and $39,363 in reimbursement for travel-related expenses and lodging in connection with Dr. Daifotis' commuting from her personal residence in New Jersey to our headquarters in Maryland.

(4) Dr. Daifotis left the Company in September 2013. She now serves as a consultant to us.

Narrative to Summary Compensation Table

Annual Salary

We review compensation annually for all employees, including our executives. In setting executive base salaries and bonuses and granting equity incentive awards, 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. We do not target a specific competitive position or a specific mix of compensation among base salary, bonus or long-term incentives.

Our board of directors has historically determined our executives' compensation. Our compensation committee typically reviews and discusses management's proposed compensation with the chief executive officer for all executives other than the chief executive officer. Based on those discussions and its discretion, the compensation committee then recommends the compensation for each executive officer. Our board of directors, without members of management present, discusses the compensation committee's recommendations and ultimately approves the compensation of our executive officers. To date, our compensation committee has not engaged a compensation consultant or adopted a peer group of companies for purposes of determining executive compensation.

Nonequity Incentive Plan Compensation

Our bonus plan motivates and rewards our executives for achievements relative to our goals and expectations for each fiscal year. Each named executive officer has a target bonus opportunity, defined as a percentage of his or her annual salary. Following the end of each year, our board of directors determines bonuses. Material considerations in determining bonuses include achievement of an executive's corporate objectives for the year; the executive's handling of unplanned events and opportunities; and the chief executive officer's input with respect to the performance of the company, our executives and our financial performance relative to our plan. Based on these factors and in the sole discretion of our board of directors, we approved the bonuses in the table above for our named executive officers in 2013.

Specific achievements and performance considered by our board of directors in determining bonuses for 2012 included:

- Advancing development of margetuximab, including additional enrollment of patients in the Phase 1 clinical trial and the initiation of activities related to the Phase 2a metastatic breast cancer clinical trial;
- Advancing development of MGA271, including completing enrollment of the 5.0 mg/kg dosing cohort in the dose escalation portion of a Phase 1 clinical trial and submitting a paper for publication;
- Advancing our existing DART collaborations with Boehringer and Pfizer;
- Finalizing candidate nomination and initiating IND-enabling activities for MGD006;
- Initiating a safety study for MGD010;
- Achieving cash proceeds from new business development activities of at least $10 million; and
- Maintaining a cash balance greater than $30 million throughout the year and ending the year with more than $35 million in cash and cash equivalents.

Long-Term Incentives

Our 2000 Stock Option and Incentive Plan, or 2000 Plan, and our 2003 Equity Incentive Plan, or 2003 Plan, authorized us to make grants to eligible recipients of non-qualified stock options, incentive stock options, stock awards, and other forms of award, such as stock appreciation rights. Although the 2000 Plan and 2003 Plan provide for a range of types of awards, our equity grants to our executive officers have been only in the form of stock options.

We typically grant equity incentive awards at the start of employment to each executive and our other employees. Through 2012, we have not maintained a practice of granting additional equity on an annual basis, but we have retained discretion to provide additional targeted grants in certain circumstances.

We award our equity grants on the date our board of directors approves the grant. We set the option exercise price and grant date fair value based on our per-share valuation on the date of grant. For grants in connection with initial employment, vesting begins on the initial date of employment. Time vested stock option grants to our executives typically vest 12.5% six months after the date of grant with the remainder vesting in 14 equal quarterly installments.

As of August 31, 2013, options to purchase 2,898,753 shares of common stock at a weighted average exercise price per share of $1.28 were outstanding. As of August 31, 2013, 78,480 shares of common stock remained available for future issuance under the 2003 Plan.

Please see "—Employee Benefit Plans" for information relating to additional current and future benefit plans.

Other Compensation

We paid $39,363 for commercial airfare and other travel-related expenses and lodging in connection with Dr. Daifotis' commuting from her personal residence in New Jersey to our headquarters in Maryland on a regular basis. Other amounts shown in the "All Other Compensation" column in the Summary Compensation Table relate to 401(k) matching contributions made to Dr. Koenig's, Dr. Daifotis' and Dr. Bonvini's 401(k) accounts, consistent with the matching contributions offered to all of our employees.

Consulting Agreement with Dr. Daifotis

In September 2013, we entered into a clinical consulting agreement with Dr. Daifotis. Dr. Daifotis will provide up to eight hours per week or a total of 110 hours of services to us until January 10, 2014. In consideration for her services, Dr. Daifotis' stock options will continue to vest in accordance with their original terms until the expiration date of the consulting agreement.

Employment Arrangements

Please see "—Amended and Restated Employment, Severance and Change in Control Agreements."

Outstanding Equity Awards at 2012 Fiscal Year End

The following table lists all outstanding equity awards held by our named executive officers as of December 31, 2012.

Name	Grant Date(1)	Number of Securities Underlying Unexercised Options # Exercisable	Number of Securities Underlying Unexercised Options # Unexercisable	Option Exercise Price $	Option Expiration Date
Scott Koenig, M.D., Ph.D	11/13/2001	21,744	—	.19	11/12/2013
	5/21/2002	79,880	—	.94	5/20/2015
	1/14/2004	18,110	—	.94	1/13/2015
	3/24/2005	346,114	—	.70	3/24/2015
	12/15/2005	13,849	—	.70	12/15/2015
	1/7/2007	223,714	—	.94	1/6/2017
	11/16/2007	159,796	—	.94	11/15/2017
	1/11/2009	99,872	6,658	.94	1/10/2019
	1/10/2010	5,492	2,496	.94	1/9/2020
	3/14/2012	24,968	108,195	.94	3/13/2022
	1/6/2013	0	53,265	1.50	1/5/2023
Anastasia Daifotis, M.D.	11/5/2009	113,854	37,951	.94	11/4/2019
	1/9/2011	4,660	5,992	.94	1/8/2021
	3/14/2012	2,996	12,983	.94	3/13/2022
	1/6/2013	0	15,979	1.50	1/5/2023
Ezio Bonvini, M.D.	4/17/2003	13,316	—	.94	4/16/2014
	1/14/2004	1,597	—	.94	1/13/2015
	3/24/2005	80,482	—	.70	3/23/2016
	12/15/2005	2,663	—	.70	12/14/2015
	1/7/2007	30,893	—	.94	1/6/2017
	1/6/2008	11,984	—	.94	1/5/2018
	1/11/2009	12,484	832	.94	1/10/2019
	1/11/2010	4,577	2,080	.94	1/10/2020
	1/9/2011	4,660	5,992	.94	1/8/2021
	3/14/2012	4,993	21,639	.94	3/13/2022
	1/6/2013	—	26,632	1.50	1/5/2023

(1) Options vest and become exercisable with respect to (i)12.5 percent of the underlying shares six months after the grant date and (ii) the remainder of the underlying shares in 14 equal quarterly installments.

Director Compensation

Except as discussed below, during and prior to 2012, we did not pay cash compensation to any non-employee director for his or her service as a director. We reimburse our non-employee directors for reasonable travel and other expenses incurred in connection with attending board of director and committee meetings or otherwise in direct service of our company.

In connection with his service as a director, Mr. Costa receives $25,000 per year. In addition, with his election as a director in June 2009, we granted Mr. Costa an option to purchase 49,435 shares of our common stock. In 2013, Mr. Costa exercised the option in its entirety.

In September 2013, our board of directors approved a director compensation program to be effective at the time of this offering.

Under this director compensation program, we will pay our non-employee directors a cash retainer for service on the board of directors and for service on each committee on which the director is a member. The chairman of each committee will receive higher retainers for such service. The fees paid to non-employee directors for service on the board of directors and for service on each committee of the board of directors on which the director is a member are as follows:

	Member Annual Retainer	Chairman Additional Annual Retainer
Board of Directors	$35,000	$ 25,000
Audit Committee	7,500	15,000
Compensation Committee	5,000	10,000
Nominating and Corporate Governance Committee	3,500	7,000

We will also continue to reimburse our non-employee directors for reasonable travel and out-of-pocket expenses incurred in connection with attending our board of director and committee meetings.

In addition, under our director compensation program, each non-employee director serving on our board of directors upon the closing of this offering and each non-employee director elected to our board of directors after the closing of this offering will receive an option to purchase 13,849 shares of our common stock. With respect to each non-employee director serving on our board of directors upon the closing of this offering, each of these options will vest as to 33.33% of the shares of our common stock underlying such option annually, beginning on the first anniversary of the grant date, subject to the director's continued service as a director. Further, on the date of the first board meeting held after each annual meeting of stockholders, each non-employee director will receive an option to purchase an additional 6,924 shares of our common stock. Each of these options will vest in full on the one year anniversary of the grant date, subject to the non-employee director's continued service as a director. The exercise price of these options will equal the fair market value of our common stock on the date of grant.

This program is intended to provide a total compensation package that enables us to attract and retain qualified and experienced individuals to serve as directors and to align our directors' interests with those of our stockholders.

Amended and Restated Employment, Severance and Change in Control Agreements

In September 2013, we entered into an employment agreement with Dr. Koenig. Dr. Koenig is employed "at-will," which means that he has no definitive term of employment.

Dr. Koenig's employment agreement includes non-competition and non-solicitation provisions that will prohibit him from competing with us, soliciting our customers or employees, or hiring our employees for a period of two years following the end of his employment with us for any reason.

Dr. Koenig is eligible to receive severance benefits in specified circumstances, as set forth in the employment agreement. Under the terms of the agreement, upon execution and delivery of an irrevocable release of claims against the Company and subject to his continued compliance with the non-competition and son-solicitation provisions, Dr. Koenig will be entitled to severance benefits if we terminate his employment without cause or if he terminates employment with us for good reason within 12 months following a change in control.

Additionally, Dr. Koenig is entitled to specified accelerated vesting of options related to a change of control.

The following definitions are used in the employment agreement:

- "Cause" means: (a) a failure to substantially perform the duties with us (if the failure to substantially perform is not cured, if curable, within thirty (30) days after receipt of written notice from the board of directors that specifies the conduct constituting Cause under this clause (a); (b) willful misconduct, or gross negligence in the performance of duties to us; (c) the conviction or entry of a guilty plea or plea of no contest with respect to, any crime that constitutes a felony or involves fraud, dishonesty or moral turpitude; (d) commission of an act of fraud, embezzlement or misappropriation against us; (e) a material breach of the fiduciary duty owed to us; (f) engaging in any improper conduct that has or is likely to have an adverse economic or reputational impact on us; or (g) a material breach of the employment agreement.

- "Good reason" means the occurrence of any of the following events (without Dr. Koenig's consent): (i) material adverse change in functions, duties, or responsibilities that would cause executive's position to become one of materially lesser responsibility, importance, or scope or (ii) a material breach of the agreement by us. No resignation will be treated as "good reason" unless (a) Dr. Koenig has given written notice of such event to the us within ninety (90) days after the initial occurrence, (b) we have failed to cure the condition constituting "good reason" within 30 days following the delivery of the notice, and (c) Dr. Koenig terminates employment within thirty (30) days after expiration of such cure period.

- "Change of Control" means: (a) any person (excluding our employee benefit plans) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended) directly or indirectly, of securities representing more than fifty percent (50%) of the combined voting power of our then outstanding securities; (b) we consummate a merger, consolidation, share exchange, division or other reorganization or transaction with any other corporation unless our outstanding securities continue to represent at least 50% of the combined voting power immediately after the transaction; or (c) liquidation or winding-up of our company or the consummation of the sale or disposition of all or substantially all of our assets; or (d) during any period of 24 consecutive months, individuals who at the beginning of such period constituted our board (including for this purpose any new director whose election or nomination for election by the stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period or whose appointment, election or nomination was previously so approved or recommended) cease for any reason to constitute at least a majority of the board of directors.

The following table summarizes the schedule of severance benefits Dr. Koenig would receive in the event of a qualifying termination.

Scenario	Salary Continuation	Continuation of Health Benefits	Acceleration of Unvested Equity
Absent a Change in Control	24 months of base salary and target bonus (55% of base salary)	12 months	50% of the shares with respect to which the stock option is not vested
Termination occurs within Two Years Following a Change in Control	24 months of base salary and target bonus (55% of base salary)	12 months	100% of the shares with respect to which the stock option is not vested

In addition, upon the occurrence of a change of control (irrespective of whether Dr. Koenig's employment terminates), each outstanding stock option held by Dr. Koenig that was granted by us to him prior to the date of this offering will become fully vested.

Employee Benefit Plans

Our employees, including our executive officers, are entitled to various employee benefits. These benefits include the following: medical and dental care plans; flexible spending accounts for healthcare; life, accidental death and dismemberment and disability insurance; employee assistance programs (confidential counseling); benefit advocacy counseling; a 401(k) plan; and paid time off.

Pension Benefits

We do not have any qualified or non-qualified defined benefit plans.

Non-qualified Deferred Compensation

We do not have any non-qualified defined contribution plans or other deferred compensation plans.

401(k) Plan

Our employees are eligible to participate in our 401(k) plan. Our 401(k) plan is intended to qualify as a tax-qualified plan under Section 401 of the Internal Revenue Code of 1986, as amended. Our 401(k) plan provides that each participant may contribute a portion of his or her pre-tax compensation, up to a statutory limit, which for most employees is $17,500 in 2013. Participants that are 50 years or older can also make "catch-up" contributions, which in 2013 may be up to an additional $5,500 above the statutory limit. Employee contributions are held and invested by the plan's trustee. Our 401(k) plan also permits us to make discretionary contributions and matching contributions. We match participant contributions up to 1.5% of a participant's annual compensation, subject to statutory limits.

2000 Stock Option and Incentive Plan

Our 2000 Plan is administered by our compensation committee and provided for the grant of incentive stock options within the meaning of Section 422 of the Internal Revenue Code, non-statutory stock options, restricted stock, and other stock-based awards. Our employees, officers, directors, consultants and advisors were eligible to receive awards under our 2000 Plan. Upon an acquisition of us, the exercisability of options or the vesting of restricted stock awards issued under the 2000 Plan will be accelerated. In addition, the Board will make appropriate provisions for the continuation of awards by us or substitution of awards by the surviving or acquiring entity.

As of August 31, 2013, under our 2000 Plan, there were options to purchase an aggregate of 38,714 shares of common stock outstanding at a weighted average exercise price of $0.87 per share. The 2000 Plan has expired, and no further awards may be issued under the plan. Any shares of common stock subject to awards under our 2000 Plan that expire, terminate, or are otherwise surrendered, canceled, forfeited or repurchased without having been fully exercised, or resulting in any common stock being issued, will become available for issuance under our 2013 Stock Incentive Plan, or the 2013 Plan, up to a specified number of shares.

2003 Equity Incentive Plan

We implemented our 2003 Plan in February 2003, and it was amended and approved by our stockholders in 2005. Our board of directors has delegated the administration of the 2003 Plan to our compensation committee. The 2003 Plan provides for the for the grant of incentive stock options, non-statutory

stock options, stock appreciation rights, restricted stock, and other stock-based awards. The 2003 Plan also permits the payment of cash awards. Our employees, officers, directors and consultants are eligible to receive awards under our 2003 Plan. As of June 30, 2013, we have only granted stock options under the 2003 Plan.

In the event of changes in our capital structure, our compensation committee will make appropriate adjustments to the number of shares reserved for issuance under the 2003 Plan, the number of shares underlying by each outstanding option or stock purchase agreement, the exercise price or purchase price under each outstanding option or stock purchase agreement, the repurchase prices, the number of options that may be granted to any individual and/or the class of shares issuable and the terms of any stock appreciation right.

If we merge with another entity and are not the surviving entity or if, as a result of any other transaction or event, other securities are substituted for the shares of common stock or shares may no longer be issued then our board of directors will accelerate the vesting of any outstanding incentive stock options by a period of 24 months. In addition, if an employee's employment is terminated following such a transaction without cause or he or she terminates his or her employment for good reason (as defined in the 2003 Plan), then the incentive stock option will be exercisable in full without regard to its vesting schedule. Our board, in its discretion, may also: (a) arrange for the substitution, in exchange for awards, of options to purchase equity securities other than shares of our common stock; (b) accelerate the vesting and termination of outstanding awards, in whole or in part, so that awards can be exercised before or otherwise in connection with the closing or completion of a transaction or event but then terminate; (c) cancel or arrange for the cancellation of awards in exchange for cash payments to awardees; and (d) either arrange for any of our repurchase rights with respect to shares of common stock to apply to the securities issued in substitution for shares or terminate repurchase rights on such shares. Our board does not need to adopt the same rules for each award or awardee.

Our board may also, in its discretion, specify that other transactions or events constitute a "change of control," either before or after the transaction. In connection with a change of control, our board may take any one or more of the actions described above and extend the date for the exercise of awards, but not beyond the original expiration date.

As of August 31, 2013, under our 2003 Plan, there were options to purchase an aggregate of 2,860,038 shares of common stock outstanding at a weighted average exercise price of $1.29 per share. There were 78,480 shares remaining and available for issuance under the 2003 Plan as of that date. Upon the closing of this offering, we will grant no further stock options or other awards under our 2003 Plan. Any shares of common stock subject to awards under our 2003 Plan that expire, terminate, or are otherwise surrendered, canceled, forfeited or repurchased without having been fully exercised, or resulting in any common stock being issued, will become available for issuance under our 2013 Plan, up to a specified number of shares.

2013 Equity Incentive Plan

On September 18, 2013, our board of directors approved the MacroGenics, Inc. 2013 Incentive Plan ("2013 Plan") and it was subsequently approved by our stockholders. The purpose of the 2013 Plan is to assist us in attracting, retaining and providing incentives to employees and directors and consultants and independent contractors by offering them the opportunity to acquire or increase their proprietary interest in MacroGenics and to promote the alignment of their interests with those of our stockholders.

Awards and Eligibility. The 2013 Plan provides for the grant of stock options and other stock-based awards, as well as cash-based performance awards. No new awards will be granted under our 2000 Stock Option and Incentive Plan. All employees, non-employee directors, consultants and independent contractors of the company are eligible to receive awards under the 2013 Plan.

Administration. The 2013 Plan is administered by our compensation committee, unless the board of directors appoints another committee or person(s) for such purpose. With respect to awards granted to non-employee directors, our board of directors serves as the "committee," unless the board appoints another

committee or person(s) for such purpose. The committee has plenary authority and discretion to determine the eligible persons to whom awards are granted ("participants") and the terms of all awards. Subject to the provisions of the 2013 Plan, the committee has authority to interpret the plan and agreements under the plan and to make all other determinations relating to the administration of the plan.

Stock Subject to the 2013 Plan. The aggregate number of shares of common stock initially available for issuance pursuant to awards under the 2013 Plan is 1,960,168 million shares. The number of shares of common stock reserved for issuance will automatically increase on January 1 of each year from January 1, 2014 through and including January 1, 2023, by the lesser of (a) 1,960,168 million shares, (b) 4.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or (c) the number of shares of common stock determined by our board of directors. All of the shares available for issuance under the 2013 Plan are eligible for issuance pursuant to the exercise of incentive stock options. If an option expires or terminates for any reason without having been fully exercised, if any shares of restricted stock are forfeited, or if any award terminates, expires or is settled without all or a portion of the shares of common stock covered by the award being issued, such shares are available for the grant of additional awards. However, any shares that are withheld (or delivered) to pay withholding taxes or to pay the exercise price of an option are not available for the grant of additional awards.

The maximum number of shares of common stock with respect to which an employee may be granted awards under the 2013 Plan during any calendar year is 1,225,105 shares.

Options. The 2013 Plan authorizes the grant of nonqualified stock options and incentive stock options. Incentive stock options are stock options that satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Nonqualified stock options are stock options that do not satisfy the requirements of Section 422 of the Code. The exercise of an option permits the participant to purchase shares of common stock from the company at a specified exercise price per share. Options granted under the 2013 Plan are exercisable upon such terms and conditions as the committee specifies. The per share exercise price of options granted under the 2013 Plan may not be less than 100% of the fair market value per share on the date of grant. The 2013 Plan provides that the term during which options may be exercised is determined by the committee, except that no option may be exercised more than ten years after its date of grant.

Stock Appreciation Rights. The 2013 Plan authorizes the committee to grant stock appreciation rights ("SARs"), which may be granted in tandem with an option. SARs are awards that provide for the payment of cash and/or shares upon exercise, based on the appreciation of the shares above the base price established as of the date of grant. The per share base price of SARs granted under the 2013 Plan may not be less than 100% of the fair market value per share on the date of grant. SARs may be subject to such terms and conditions as the committee may determine, including terms that condition the payment or vesting of the SAR upon the achievement of one or more performance goals as described below. The 2013 Plan provides that the term during which SARs may be exercised is determined by the committee, except that no SAR may be exercised more than ten years after its date of grant.

Restricted Stock Awards. The 2013 Plan authorizes the committee to grant restricted stock awards. Shares of common stock covered by a restricted stock award are restricted against transfer and subject to forfeiture and such other terms and conditions as the committee determines. Such terms and conditions may provide, in the discretion of the committee, for the vesting of awards of restricted stock to be contingent upon the achievement of one or more performance goals as described below.

Restricted Stock Units ("RSUs"). RSU awards granted under the 2013 Plan are contingent awards of common stock or the cash equivalent thereof. Pursuant to such awards, shares of common stock are issued, or the cash value of the shares is paid, subject to such terms and conditions as the committee deems appropriate. Unlike in the case of awards of restricted stock, shares of common stock are not issued immediately upon the award of RSUs, but instead shares of common stock are issued or the cash value of the shares is paid upon the satisfaction of such terms and conditions as the committee may specify, including the achievement of one or more performance goals.

Performance Awards. The 2013 Plan authorizes the grant of performance awards. Performance awards provide for payments in cash, shares of common stock or a combination thereof contingent upon the attainment of one or more performance goals (described below) established by the committee. For purposes of the limit on the number of shares of common stock with respect to which an employee may be granted awards during any calendar year, a performance award is deemed to cover the number of shares of common stock equal to the maximum number of shares that may be issued upon payment of the award. The maximum cash amount that may be paid to any participant pursuant to all performance awards granted to such participant during a calendar year may not exceed $3 million.

Other Stock-Based Awards. The 2013 Plan authorizes the grant of "other stock-based awards" (including the issuance or offer for sale of unrestricted shares of common stock) covering such number of shares and having such terms and conditions as the committee may determine, including terms that condition the payment or vesting of other stock-based awards upon the achievement of one or more performance goals.

Dividends and Dividend Equivalents The terms of an award may, at the committee's discretion, provide a participant with the right to receive dividend payments or dividend equivalent payments with respect to shares covered by the award. The payments may be either made currently or credited to an account established for the participant, and may be settled in cash or shares, as determined by the committee. Payment of dividends and dividend equivalents may be contingent upon the achievement of one or more performance goals.

Performance Goals. As described above, the terms and conditions of an award may provide for the grant, vesting or payment of awards to be contingent upon the achievement of one or more specified performance goals established by the committee. For this purpose, "performance goals" means performance goals established by the committee which may be based on satisfactory internal or external audits, achievement of balance sheet or income statement objectives, cash flow, customer satisfaction metrics, achievement of customer satisfaction goals, dividend payments, earnings (including before or after taxes, interest, depreciation, and amortization), earnings growth, earnings per share, economic value added, expenses (including sales, general and administrative expenses), improvement of financial ratings, internal rate of return, market share, geographic expansion, net asset value, net income, net operating gross margin, net operating profit after taxes, net sales growth, operating income, operating margin, comparisons to the performance of other companies, pro forma income, regulatory compliance, return measures (including return on assets, designated assets, capital, capital employed, equity, or stockholder equity, and return versus the company's cost of capital), revenues, sales, stock price (including growth measures and total stockholder return), comparison to stock market indices, implementation or completion of one or more projects or transactions (including mergers, acquisitions, dispositions, and restructurings), working capital, or any other objective goals that the committee establishes. Performance goals may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated. Performance goals may be particular to an eligible person or the department, branch, affiliate, or division in which the eligible person works, or may be based on the performance of the company, one or more affiliate, or the company and one or more affiliates and may cover such period as the committee may specify.

Capital Adjustments. If the outstanding common stock of the company changes as a result of a stock dividend, stock split, reverse stock split, spin-off, split-up, recapitalization, reclassification, combination or exchange of shares, merger, consolidation or liquidation, or the like, the committee will substitute or adjust: (a) the number and class of securities subject to outstanding awards, (b) the consideration to be received upon exercise or payment of an award, (c) the exercise price of options and the base price of SARs, (d) the aggregate number and class of securities for which awards may be granted under the 2013 Plan, and/or (e) the maximum number of securities with respect to which an employee may be granted awards during any calendar year. In the event of a merger of the company or certain other types of transactions, the committee may cause awards to be vested in whole or in part, be assumed by a successor or be cancelled in consideration of a cash payment equal to the fair value of the cancelled award.

Withholding. The company is generally required to withhold tax on the amount of income recognized by a participant with respect to an award. Withholding requirements may be satisfied, as provided in the agreement

evidencing the award, by (a) tender of a cash payment to the company, (b) withholding of shares of common stock otherwise issuable, or (c) delivery to the company by the participant of unencumbered shares of common stock.

Termination and Amendment; Term of Plan. The board of directors may amend or terminate the 2013 Plan at any time. However, after the 2013 Plan has been approved by our stockholders, our board of directors may not amend or terminate the plan without the approval of (a) our stockholders if stockholder approval of the amendment is required by applicable law, rules or regulations, and (b) each affected participant if such amendment or termination would adversely affect such participant's rights or obligations under any awards granted prior to the date of the amendment or termination.

Unless sooner terminated by our board of directors, the 2013 Plan will terminate on September 18, 2023. Once the 2013 Plan is terminated, no further awards may be granted or awarded under the 2013 Plan. Termination of the 2013 Plan will not affect the validity of any awards outstanding on the date of termination.

Employee Stock Purchase Plan

On September 18, 2013, our board of directors adopted and our stockholders approved our 2013 Employee Stock Purchase Plan, or 2013 purchase plan.

Share Reserve. The 2013 purchase plan authorizes the issuance of 245,021 shares of common stock pursuant to option rights granted to our employees (or to employees of any of our designated affiliates) to purchase shares of our common stock. The 2013 purchase plan is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code. As of the date hereof, no shares of common stock have been purchased under the 2013 purchase plan.

Administration. Our board of directors will administer the 2013 purchase plan or delegate administration to a committee. The 2013 purchase plan is implemented through a series of offerings of option rights to purchase shares of our common stock to eligible employees. Under the 2013 purchase plan, we may specify offerings with a duration of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of common stock will be purchased for employees participating in the offering. We have not yet determined when we will commence offerings under the 2013 purchase plan.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by us or by any of our affiliates may participate in the 2013 purchase plan and may contribute, normally through payroll deductions, a percentage of their earnings, not to exceed 20%, for the purchase of common stock under the 2013 purchase plan. Common stock will be purchased for accounts of employees participating in the 2013 purchase plan at a price per share that is at least the lower of (a) 85% of the fair market value of a share of our common stock on the first date of an offering or (b) 85% of the fair market value of a share of our common stock on the date of purchase.

Limitations. Unless otherwise determined by our board of directors, employees must satisfy the following service requirements before participating in the 2013 purchase plan: (a) be customarily employed for more than 20 hours per week, (b) be customarily employed for more than five months per calendar year and (c) have been in continuous employment with us or one of our affiliates for at least two years. No employee may receive option rights to purchase shares under the 2013 purchase plan or any other stock purchase plans we may offer that accrue at a rate in excess of $25,000 worth of our common stock (valued based on the fair market value per share of our common stock at the beginning of an offering) for each year such an option right is outstanding. Finally, no employee will be eligible for the grant of any option rights under the 2013 purchase plan 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.

Changes to Capital Structure. In the event that there is a specified type of change in our capital structure, such as a stock split, appropriate adjustments will be made to (a) the classes and maximum number of shares subject to the 2013 purchase plan and (b) the number of shares and price per share of common stock subject to outstanding option rights.

Corporate Transactions. In the event of a merger or other certain corporate transactions as set forth in the 2013 purchase plan, the board may in its discretion, with respect to, any then-outstanding rights to purchase our stock under the 2013 purchase plan (a) cancel the option rights and return participants' accumulated payroll deductions without interest, (b) continue the option rights without change, (c) substitute similar option rights for the outstanding option rights, or (d) use the participants' accumulated payroll deductions to purchase common stock immediately prior to the transaction and terminate participants' option rights immediately following such purchase.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Transactions with Management and Others

Since January 1, 2010, there has not been, nor is there any proposed transaction where we were or will be a party in which the amount involved exceeded or will exceed $120,000 and in which any director, executive officer, holder of more than 5% of any class of our voting securities, 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 the compensation agreements and other agreements and transactions which are described in “Management”.

Policies and Procedures for Related Party Transactions

Pursuant to the written charter of our audit committee adopted March 24, 2005, our audit committee of the board of directors is responsible for reviewing and approving, prior to our entry into any such transaction, all related party transactions and potential conflict of interest situations involving a principal stockholder, a member of the board of directors or senior management. In addition, our company policies require that our officers and employees avoid using their positions for purposes that are, or give the appearance of being, motivated by a desire for personal gain, and our policies further require that all officers and employees who have authority to initiate related party transactions provide a written report, on an annual basis, of all activities which could result in a conflict of interest or impair their professional judgment. All such written reports concerning related party transactions or conflicts of interest are submitted to, and reviewed by, our Chief Financial Officer and our audit committee.

PRINCIPAL STOCKHOLDERS

The following table indicates information as of August 31, 2013 regarding the ownership of our common stock, after giving effect to the sale of common stock offered in this offering, for:

- each person who is known by us to own more than 5% of our shares of common stock;
- each named executive officer;
- each of our directors; and
- all of our directors and executive officers as a group.

The number of shares beneficially owned and the percentage of shares beneficially owned are based on 19,021,725 shares of common stock outstanding as of August 31, 2013, which includes 16,995,790 shares of common stock resulting from the conversion of all outstanding shares of our preferred stock immediately upon the closing of this offering and 33,223 shares of common stock resulting from the net issue exercise of Series D-2 preferred stock warrants, as if this conversion had occurred as of August 31, 2013 (in the event that all outstanding warrants are exercised on a cash basis, shares of common stock issuable upon exercise of the warrants would be 180,784). Percentage ownership of our common stock after this offering (assuming no exercise of the underwriters' over-allotment option to purchase additional shares) assumes our sale of shares in this offering. Unless otherwise indicated in the footnotes to the table, and subject to community property laws where applicable, the following persons have sole voting and investment control with respect to the shares beneficially owned by them. In accordance with SEC rules, if a person has a right to acquire beneficial ownership of any shares of common stock, on or within 60 days of August 31, 2013, upon exercise of outstanding options or otherwise, the shares are deemed beneficially owned by that person and are deemed to be outstanding solely for the purpose of determining the percentage of our shares that person beneficially owns. These shares are not included in the computations of percentage ownership for any other person. Except as otherwise indicated, the address of each of the persons in this table is 9640 Medical Center Drive, Rockville, Maryland 20850.

Name and Address of Beneficial Owner	Shares Beneficially Owned Prior to the Offering	Percentage of Shares Beneficially Owned	
		Before Offering	After Offering
5% Stockholders:			
Entities affiliated with TPG (1)	2,208,685	11.6%	9.6%
Entities affiliated with Alta BioPharma Partners (2)	2,001,009	10.5	8.7
Entities affiliated with InterWest Partners (3)	1,906,717	10.0	8.3
Entities affiliated with MPM BioVentures (4)	1,780,955	9.4	7.7
Caisse de dépôt et placement du Québec (5)	1,313,315	6.9	5.7
Ventures West 8 Limited Partnership (6)	1,257,674	6.6	5.5
Directors and Named Executive Officers:			
Eran Nadav, Ph.D. (8)	—	*	*
Edward Hurwitz (9)	2,001,009	10.5	8.7
Arnold Oronsky, Ph.D. (10)	1,906,717	10.0	8.3
David Stump, M.D. (11)	—	*	*
Kenneth Galbraith (7)	1,257,674	6.6	5.5
Paulo Costa (12)	49,435	*	*
Scott Koenig, M.D., Ph.D. (13)	1,131,533	5.9	4.9
Anastasia Daifotis, M.D. (14)	146,479	*	*
Ezio Bonvini, M.D. (15)	180,055	*	*
All executive officers and directors as a group (15 persons) (16)	10,572,418	55.6%	45.9%

* Indicates ownership of less than 1%.

(1) Consists of (i) 1,137,333 shares of common stock issuable upon conversion of Series B Preferred Stock, (ii) 1,050,651 shares of common stock issuable upon conversion of Series C Preferred Stock, (iii) 20,420

shares of common stock issuable upon conversion of Series D-2 Preferred Stock and (iv) 281 shares of common stock issuable upon conversion of Series D-2 Preferred Stock underlying warrants to purchase our Series D-2 Preferred Stock exercisable within 60 days after June 30, 2013 held of record by entities affiliated with TPG. TPG Biotechnology Partners, L.P., a Delaware limited partnership, whose general partners is TPG Biotechnology GenPar, L.P., a Delaware limited partnership, whose general partner is TPG Biotechnology GenPar Advisors, LLC, a Delaware limited liability company ("Biotechnology GenPar Advisors"), and (ii) TPG Ventures, L.P., a Delaware limited partnership, whose general partner is TPG Ventures GenPar Advisors LLC, a Delaware limited liability company ("Ventures GenPar Advisors") are collectively referred to as the entities affiliated with TPG. The sole member of each of Biotechnology GenPar Advisors and Ventures GenPar Advisors is TPG Holdings I, L.P., a Delaware limited partnership, whose general partner is TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, whose general partner is TPG Group Holdings (SBS) Advisors, Inc., a Delaware corporation. David Bonderman and James G. Coulter are officers and sole shareholders of TPG Group Holdings (SBS) Advisors, Inc. and may therefore be deemed to be the beneficial owners of the securities held by TPG Biotechnology Partners, L.P. and TPG Ventures, L.P. Messrs. Bonderman and Coulter disclaim beneficial ownership of the securities held by TPG Biotechnology Partners, L.P. and TPG Ventures, L.P. except to the extent of their pecuniary interest therein. The address of each of TPG Group Holdings (SBS) Advisors, Inc. and Messrs. Bonderman and Coulter is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

(2) Consists of (i) 1,137,332 shares of common stock issuable upon conversion of Series B Preferred Stock, (ii) 656,657 shares of common stock issuable upon conversion of Series C Preferred Stock, (iii) 204,206 shares of common stock issuable upon conversion of Series D-2 Preferred Stock and (iv) 2,814 shares of common stock issuable upon conversion of Series D-2 Preferred Stock underlying warrants to purchase our Series D-2 Preferred Stock exercisable within 60 days after June 30, 2013 held of record by entities affiliated with Alta BioPharma Partners. Alta BioPharma Partners, L.P., Alta BioPharma Partners III GmbH & Co. Beteiligings KG and Alta Embarcadero BioPharma Partners III, LLC are collectively referred to as the entities affiliated with Alta BioPharma Partners. The directors of Alta BioPharma Management Partners III, LLC, which is the general partner of Alta Biopharma Partners III, L.P., the managing limited partner of Alta Biopharma Partners III GmbH & Co. Beteiligungs KG, and the manager of Alta Embarcadero Biopharma Partners III, LLC, exercise sole dispositive and voting power over the shares owned by the entities affiliated with Alta BioPharma Partners. Edward Hurwitz, one of our directors, Farah Champsi and Edward Penhoet are directors of Alta BioPharma Management Partners III, LLC and managers of Alta Embarcadero Biopharma Partners III, LLC. These individuals may be deemed to share dispositive and voting power over the shares held by the entities affiliated with Alta BioPharma Partners. Each of these individuals disclaims beneficial ownership of such shares except to the extent of his or her pecuniary interest therein. The principal address for the entities affiliated with Alta BioPharma Partners is One Embarcadero Center, Suite 3700, San Francisco, CA 94111.

(3) Consists of (i) 962,819 shares of common stock issuable upon conversion of Series A-1 Preferred Stock, (ii) 615,284 shares of common stock issuable upon conversion of Series B Preferred Stock (iii) 295,494 shares of common stock issuable upon conversion of Series C Preferred Stock (iv) 32,671 shares of common stock issuable upon conversion of Series D-2 Preferred Stock and (v) 449 shares of common stock issuable upon conversion of Series D-2 Preferred Stock underlying warrants to purchase our Series D-2 Preferred Stock exercisable within 60 days after June 30, 2013 held of record by entities affiliated with InterWest Partners. InterWest Partners VIII, L.P. ("IW8"), InterWest Investors Q VIII, L.P., and InterWest Investors VIII, L.P. are collectively referred to as the entities affiliated with InterWest Partners. InterWest Management Partners VIII, LLC ("IMP8") is the general partner of the entities affiliated with InterWest Partners and has sole voting and investment control over the shares held by the entities affiliated with InterWest Partners. Harvey B. Cash, Philip T. Gianos, W. Scott Hedrick, W. Stephen Holmes, Gilbert H. Kliman and Arnold L. Oronsky, a member of our board of directors, are the managing directors of IMP8. Each of the managing directors share voting and investment control with respect to the shares held by the entities affiliated with InterWest Partners. Dr. Oronsky disclaims beneficial ownership of all shares held by the entities affiliated with InterWest Partners except to the extent of his

pecuniary interest therein. The address for these entities is c/o InterWest Partners, 2710 Sand Hill Road, Suite 200, Menlo Park, California 94025.

(4) Consists of (i) 802,282 shares of common stock issuable upon conversion of Series A-1 Preferred Stock, (ii) 519,016 shares of common stock issuable upon conversion of Series B Preferred Stock and (iii) 459,657 shares of common stock issuable upon conversion of Series C Preferred Stock held of record by entities affiliated with MPM. MPM BioVentures II, L.P., MPM BioVentures II-QP, L.P., MPM BioVentures GmbH & Co. Parallel-Beteiligungs KG, MPM Asset Management Investors 2000B LLC and MPM BioVentures IV Strategic Fund, L.P. are collectively referred to as the entities affiliated with MPM. MPM Asset Management II L.P. is the general partner of MPM BioVentures II, L.P. and MPM BioVentures II-QP, L.P. and the special limited partner of MPM BioVentures GmbH & Co. Parallel-Beteiligungs KG. MPM BioVentures II LLC is the general partner of MPM Asset Management II L.P. Ansbert Gadicke, Luke Evnin, Nicholas Galakatos, Michael Steinmetz and Kurt Wheeler are the investment managers of MPM BioVentures II LLC and MPM Asset Management Investors 2000B LLC and share voting and dispositive power over the shares held by MPM BioVentures II, L.P., MPM BioVentures II-QP, L.P., MPM BioVentures GmbH & Co. Parallel-Beteiligungs KG and MPM Asset Management Investors 2000B LLC. MPM BioVentures IV GP LLC is the general partner of MPM BioVentures IV Strategic Fund, L.P. MPM BioVentures IV LLC is the Managing Member of MPM BioVentures IV GP LLC. Ansbert Gadicke, Luke Evnin, Todd Foley, Vaughn Kailian, Jim Scopa and John Vander Vort are members of MPM BioVentures IV LLC and share voting and dispositive power over the shares held by MPM BioVentures IV Strategic Fund, L.P. Each individual identified in this footnote disclaims beneficial ownership of the shares except to the extent of his respective proportionate pecuniary interest in such shares. The address for the entities affiliated with MPM is 200 Clarendon Street, 54th Floor, Boston, MA 02116.

(5) Consists of (i) 1,313,315 shares of common stock issuable upon conversion of Series C Preferred Stock held of record by Caisse de dépôt et placement du Québec, or CDP. An investment committee has voting and dispositive power over the shares held by Caisse de dépôt et placement du Québec. The members of the investment committee are Pierre Pharand, Claude Lafond, Anne-Marie Laberge, Manon Hamel, François Libotte, Michel Paquette, Jérôme Marquis, Martin Garand and Mohamed Kortas. Each committee member disclaims beneficial ownership of such shares, except to the extent of any pecuniary interest therein.

(6) Consists of (i) 1,050,652 shares of common stock issuable upon conversion of Series C Preferred Stock, (ii) 204,207 shares of common stock issuable upon conversion of Series D-2 Preferred Stock and (iii) 2,815 shares of common stock issuable upon conversion of Series D-2 Preferred Stock underlying warrants to purchase our Series D-2 Preferred Stock exercisable within 60 days after June 30, 2013 held of record by Ventures West 8 Limited Partnership. Kenneth Galbraith is General Partner and Senior Vice President of Ventures West 8 Management Ltd., the general partner of the stockholder. Mr. Galbraith, one of our directors, along with the other partners of Ventures West 8 Management, Inc., have sole voting and investment control over the interest owned by Ventures West 8 Limited Partnership and disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address for Ventures West 8 Limited Partnership is Suite 400-999 West Hastings Street, Vancouver, BC, V6C 2W2.

(7) Consists of the shares described in footnote (6) above. Mr. Galbraith is a General Partner of Ventures West Capital Ltd., and as such Mr. Galbraith may be deemed to share voting and dispositive power with respect to all shares held by these entities. Mr. Galbraith disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Mr. Galbraith's business address is c/o Ventures West 8 Limited Partnership, Suite 400-999 West Hastings Street, Vancouver, BC, V6C 2W2.

(8) Dr. Nadav, a member of our board of directors, is Managing Director of TPG Biotech. Dr. Nadav has no voting or investment power over and disclaims beneficial ownership of the securities held by TPG Biotechnology Partners, L.P. and TPG Ventures, L.P. Dr. Nadav's business address is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

(9) Consists of the shares described in footnote (2) above. Mr. Hurwitz is a director of Alta BioPharma Management Partners III, LLC and , and as such Mr. Hurwitz may be deemed to share voting and dispositive power with respect to all shares held by these entities. Mr. Hurwitz disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Mr. Hurwitz's business address is c/o Alta BioPharma Partners, One Embarcadero Center, Suite 3700, San Francisco, CA 94111.

(10) Consists of the shares described in footnote (3) above. Dr. Oronsky is Managing Director of the general partner of the entities affiliated with InterWest Partners, and as such Dr. Oronsky may be deemed to share voting and dispositive power with respect to all shares held by these entities. Dr. Oronsky disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Dr. Oronsky's business address is c/o InterWest Partners, 2710 Sand Hill Road, Suite 200, Menlo Park, California 94025.

(11) Dr. Stump was appointed to our board of directors in September 2013. Dr. Stump's business address is c/o MacroGenics, Inc., 9640 Medical Center Drive, Rockville, Maryland 20850.

(12) Consists of 49,435 shares of common stock.

(13) Consists of (i) 53,265 shares of common stock, (ii) 641,208 shares of common stock owned jointly by Dr. Koenig and his spouse, of which Dr. Koenig has shared voting and dispositive power, (iii) 53,265 shares of common stock held by the Scott Koenig Family Trust, an irrevocable trust, of which Dr. Koenig's spouse and brother-in-law are co-trustees, and of which Dr. Koenig may be deemed to have shared voting and dispositive power, and (iv) 383,795 shares of common stock issuable upon the exercise of options exercisable within 60 days after June 30, 2013.

(14) Consists of 146,479 shares of common stock issuable upon the exercise of options exercisable within 60 days after June 30, 2013.

(15) Consists of 180,055 shares of common stock issuable upon the exercise of options exercisable within 60 days after June 30, 2013.

(16) Consists of (i) 962,819 shares of common stock issuable upon conversion of Series A-1 Preferred Stock, (ii) 2,889,949 shares of common stock issuable upon conversion of Series B Preferred Stock, (iii) 4,366,769 shares of common stock issuable upon conversion of Series C Preferred Stock, (iv) 461,504 shares of common stock issuable upon conversion of Series D-2 Preferred Stock, (v) 6,359 shares of common stock issuable upon conversion of Series D-2 Preferred Stock underlying warrants to purchase our Series D-2 Preferred Stock exercisable within 60 days after June 30, 2013, (vi) 877,405 shares of common stock and (vii) 1,007,613 shares of common stock issuable upon the exercise of options exercisable within 60 days after June 30, 2013.

DESCRIPTION OF CAPITAL STOCK

The following description of our securities and provisions of our amended and restated certificate of incorporation and bylaws that we expect to become effective upon the closing of this offering is only a summary. You should also refer to the copies of our certificate and bylaws which have been filed with the Securities and Exchange Commission as exhibits to our registration statement, of which this prospectus forms a part. The description of common stock and preferred stock reflect changes to our capital structure that will occur upon the closing of this offering in accordance with the terms of the amended and restated certificate of incorporation that will be adopted by us immediately prior to the closing of this offering.

Upon the closing of this offering, our authorized capital stock will consist of 425,000,000 shares of common stock, par value $0.01 per share, and 321,592,828 shares of preferred stock, par value $0.01 per share.

Common Stock

Currently, we are authorized to issue 425,000,000 shares of common stock. At August 31, 2013, 2,032,712 shares of common stock were deemed outstanding and held of record by 147 holders. Under the amended and restated certificate of incorporation and bylaws, holders of common stock do not have cumulative voting rights. Holders of shares representing a majority of the voting power of common stock can elect all of the directors. The holders of the remaining shares will not be able to elect any directors. The shares of common stock offered by this prospectus, when issued, will be fully paid and non-assessable and will not be subject to any redemption or sinking fund provisions. Holders of common stock do not have any preemptive, subscription or conversion rights.

Holders of common stock are entitled to receive dividends declared by the board of directors out of legally available funds, subject to the rights of preferred stockholders, if any, and the terms of any future agreements between us and our lenders, if any. We presently intend to retain future earnings, if any, for use in the operation and expansion of our business. We do not anticipate paying cash dividends on our common stock in the foreseeable future. See “Dividend Policy.” In the event of our liquidation, dissolution or winding up, common stockholders are entitled to share ratably in all assets legally available for distribution after payment of all debts and other liabilities, and subject to the prior rights of any holders of outstanding shares of preferred stock, if any.

Preferred Stock

Currently, we are authorized to issue 321,592,828 shares of preferred stock. As of August 31, 2013, there were 294,720,231 shares of preferred stock held by 77 stockholders of record. Upon completion of this offering, all shares of our preferred stock will convert into 16,955,790 shares of our common stock. In addition, all outstanding Series D-2 preferred stock warrants will convert into 33,223 shares of our common stock (in the event that all outstanding warrants are exercised on a cash basis, shares of common stock issuable upon exercise of the warrants would be 180,784). See Note 4 of Notes to Consolidated Financial Statements.

Upon the closing of this offering, the board of directors will be authorized to issue from time to time up to an aggregate of 26,872,597 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each of these series, including the dividend rights, dividend rates, conversion rights, voting rights, term of redemption, including sinking fund provisions, redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of a series without further vote or action by the stockholders. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of us without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including the loss of voting control to others. We currently have no plans to issue any shares of preferred stock.

We believe that the ability to issue preferred stock without the expense and delay of a special stockholders’ meeting will provide us with increased flexibility in structuring possible future financings and

acquisitions, and in meeting other corporate needs that might arise. This also permits the board of directors to issue preferred stock containing terms which could impede the completion of a takeover attempt, subject to limitations imposed by the securities laws. The board of directors will make any determination to issue these shares based on its judgment as to the best interests of our company and our stockholders at the time of issuance. This could discourage an acquisition attempt or other transaction which stockholders might believe to be in their best interests or in which they might receive a premium for their stock over the then market price of the stock.

Anti-Takeover Provisions

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Subject to exceptions, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years from the date of the transaction in which the person became an interested stockholder, unless the interested stockholder attained this status with the approval of the board of directors or unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's voting stock. This statute could prohibit or delay the accomplishment of mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us. Our amended and restated certificate of incorporation and bylaws, upon completion of this offering, will include a number of provisions that may make it more difficult to acquire control of us. These provisions could deprive stockholders of the opportunity to realize a premium on the shares of common stock owned by them. In addition, these provisions may adversely affect the prevailing market price of the stock and are intended to:

- enhance the likelihood of continuity and stability in the composition of the board and in the policies formulated by the board;
- discourage transactions which may involve an actual or threatened change in control of us;
- discourage tactics that may be used in proxy fights;
- encourage persons seeking to acquire control of us to consult first with the board of directors to negotiate the terms of any proposed business combination or offer; and
- reduce our vulnerability to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of our outstanding shares or that is otherwise unfair to our stockholders.

Classified Board of Directors; Removal; Filling Vacancies and Amendment. Our amended and restated certificate of incorporation and bylaws will provide for the board to be divided into three classes of directors serving staggered, three-year terms. The classification of the board has the effect of requiring at least two annual stockholder meetings, instead of one, to replace a majority of members of the board. Subject to the rights of the holders of any outstanding series of preferred stock, the amended and restated certificate of incorporation will authorize only the board to fill vacancies, including newly created directorships. Accordingly, this provision could prevent a stockholder from obtaining majority representation on the board by enlarging the board of directors and filling the new directorships with its own nominees. Our amended and restated certificate of incorporation will also provide that directors may be removed by stockholders only for cause and only by the affirmative vote of holders of 75% of the outstanding shares of voting stock.

Voting Rights. Cumulative voting for the election of directors will not be provided for in our amended and restated certificate of incorporation, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election. A director may be removed only for cause and only by the affirmative vote of the holders of at least 75% of the votes that all of our stockholders would be entitled to cast in

an annual election of directors. Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

The Delaware General Corporation Law provides generally that, unless otherwise specified in a corporation's certificate of incorporation or bylaws, the affirmative vote of a majority of the shares entitled to vote on any matter is required to approve such matter. Effective upon the completion of this offering, our bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of the holders of at least 75% of the votes that all of our stockholders would be entitled to cast in any annual election of directors.

Special Stockholder Meetings. Our amended and restated certificate of incorporation will provide that special meetings of the stockholders for any purpose or purposes, unless required by law, shall only be called by the Chairman of the board of directors, a majority of the entire board of directors or the Chief Executive Officer. A special meeting of the stockholders may not be held absent a written request of this nature. The request shall state the purpose or purposes of the proposed meeting. This limitation on the right of stockholders to call a special meeting could make it more difficult for stockholders to initiate actions that are opposed by the board of directors. These actions could include the removal of an incumbent director or the election of a stockholder nominee as a director. They could also include the implementation of a rule requiring stockholder ratification of specific defensive strategies that have been adopted by the board of directors with respect to unsolicited takeover bids. In addition, the limited ability of the stockholders to call a special meeting of stockholders may make it more difficult to change the existing board and management.

Advance Notice Requirements. Our bylaws will require advance notice by a stockholder of proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting date. The notice must contain certain information specified in the bylaws.

Written Consent. Our amended and restated certificate of incorporation will prohibit the taking of stockholder action by written consent without a meeting. These provisions will make it more difficult for stockholders to take action opposed by the board of directors.

Amendment of Provisions in the Amended and Restated Certificate of Incorporation. Our amended and restated certificate of incorporation will generally require the affirmative vote of the holders of at least 75% of the outstanding voting stock in order to amend any provisions of the amended and restated certificate of incorporation concerning:

- the removal or appointment of directors;
- the authority of stockholders to act by written consent;
- the required vote to amend the amended and restated certificate of incorporation;
- calling a special meeting of stockholders;
- procedure and content of stockholder proposals concerning business to be conducted at a meeting of stockholders; and
- director nominations by stockholders.

These voting requirements will make it more difficult for minority stockholders to make changes in the amended and restated certificate of incorporation that could be designed to facilitate the exercise of control over us.

Undesignated Preferred Stock. Our amended and restated certificate of incorporation will provide for 5,000,000 authorized shares of preferred stock. The existence of authorized but unissued shares of preferred stock may enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal is not in the best interests of us or our stockholders, our board of directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group. In this regard, our amended and restated certificate of incorporation grants our board of directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance may also adversely affect the rights and powers, including voting rights, of these holders and may have the effect of delaying, deterring or preventing a change in control of us.

Options and Warrants

As of August 31, 2013, options to purchase a total of 2,898,753 shares of our common stock were outstanding, and up to 78,480 additional shares of our common stock were reserved for future issuance under our stock plans, excluding the 2013 Plan, which will become effective upon the signing of the underwriting agreement in connection with this offering. For a more complete discussion of our stock option plans, please see "—Employee Benefit Plans."

As of August 31, 2013, warrants to purchase up to an aggregate of 3,394,035 shares of our Series D-2 preferred stock were outstanding at a weighted average exercise price of $12.24 per share. Each warrant expires and terminates upon the completion of this offering. The exercise price and the shares issuable upon exercise are subject to adjustment in the event of stock dividends, stock splits, reorganizations and reclassifications and the warrants are permitted to be exercised on a cashless basis.

Registration Rights

We have entered into a fourth amended and restated registration rights agreement, dated September 19, 2008, which we refer to as the registration rights agreement, with holders of our preferred stock. Upon completion of this offering, the holders of 15,504,104 shares of our common stock, or their transferees, will be entitled to certain rights with respect to the registration of such shares, or registrable securities, under the Securities Act of 1933, as amended, or the Securities Act, as follows:

Demand Registration Rights. The holders of shares representing at least 40% of the registrable securities issued or issuable upon conversion of our Series A-1, Series A-2, Series B, and Series C preferred stock collectively then outstanding may request that we register all or a portion of their shares of registrable securities, provided that the reasonably anticipated aggregate price to the public of such public offering would exceed $5,000,000. In addition, the holders of shares representing at least 40% of the registrable securities issued or issuable upon conversion of our Series D and Series D-2 preferred stock collectively then outstanding may request that we register all or a portion of their shares of registrable securities, provided that the reasonably anticipated aggregate price to the public of such public offering would exceed $25,000,000. Upon their request, we must, subject to some restrictions and limitations, use our best efforts to cause a registration statement covering the number of shares of registrable securities that are subject to the request to become effective. The holders of registrable securities may only require us to file a maximum of one registration statement in response to their demand registration rights, provided, however, that such obligation will be deemed satisfied only when a registration statement covering all shares of registrable securities that are requested to be registered has become effective.

Piggyback Registration Rights. In the event that we propose to register any of our securities under the Securities Act, the holders of registrable securities are entitled to notice of such registration and are entitled to include their registrable securities in such registration, subject to certain marketing and other limitations. These registration opportunities are unlimited, but the number of shares that may be registered may be cut back in limited situations by the underwriters. The holders of registrable securities waived their registration rights in connection with this offering.

Form S-3 Registration Rights. The holders of shares of the registrable securities issued or issuable upon conversion of our Series A-1, Series A-2, Series B, Series C and Series D-2 preferred stock then outstanding may request that we register all or a portion of their shares if we are eligible to file a registration statement on Form S-3 and if the reasonably anticipated aggregate price to the public of the public offering would exceed $1,000,000. In addition, the holders of shares of the registrable securities issued or issuable upon conversion of our Series D preferred stock then outstanding may request that we register all or a portion of their shares if we are eligible to file a registration statement on Form S-3 and if the reasonably anticipated aggregate price to the public of the public offering would exceed $5,000,000. The holders of registrable securities may only require us to file one registration statement on Form S-3 in any twelve month period, provided, however, that such obligation will be deemed satisfied only when a registration statement covering all shares of registrable securities that are requested to be registered has become effective.

We are generally obligated to bear the expenses, other than underwriting discounts and sales commissions, of these registrations.

NASDAQ Global Select Market Listing

We have applied to have our common stock listed on the NASDAQ Global Select Market under the symbol “MGNX”.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare Trust Company, Inc.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of our common stock, including shares issued upon exercise of outstanding options, or the perception that these sales could occur in the public market after this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities.

Immediately after the closing of this offering, based on the number of shares outstanding as of August 31, 2013, we will have 23,021,725 shares of common stock outstanding, assuming no exercise of the underwriters' option to purchase additional shares, and no exercise of outstanding options prior to the closing of this offering. All of the 4,000,000 shares sold in this offering will be freely tradable, except that any shares held or purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, may only be sold in compliance with the limitations described below.

The remaining outstanding shares of our common stock will be deemed restricted securities as defined under Rule 144. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 promulgated under the Securities Act, which rules are summarized below. In addition, certain of our stockholders have entered into market standoff agreements with us or lock-up agreements with the underwriters under which they agreed, subject to specified exceptions, not to sell any of their stock for at least 180 days following the date of this prospectus. Subject to the provisions of Rule 144 or Rule 701, the restricted shares will be available for sale in the public market as follows:

- Beginning 180 days after the date of this prospectus, 21,430,299 additional shares will become eligible for sale in the public market, of which 12,171,196 shares will be freely tradable under Rule 144 and 9,259,103 shares will be held by affiliates and subject to the volume and other restrictions of Rule 144 as described below.

In general, under Rule 144 as currently in effect, any person who is or has been an affiliate of ours during the 90 days immediately preceding the sale and who has beneficially owned shares for at least six months is entitled to sell, within any three-month period commencing 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of common stock, which will equal 230,217 shares immediately after this offering; or
- the average weekly trading volume during the four calendar weeks preceding the sale, subject to the filing of a Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

A person who is not deemed to have been an affiliate of ours at any time during the 90 days immediately preceding the sale and who has beneficially owned his or her shares for at least six months is entitled to sell his or her shares under Rule 144 without regard to the limitations described above, subject only to the availability of current public information about us during the six months after the initial six-month holding period is met. After a nonaffiliate has beneficially owned his or her shares for one year or more, he or she may freely sell his or her shares under Rule 144 without complying with any Rule 144 requirements.

We are unable to estimate the number of shares that will be sold under Rule 144, since this will depend on the market price for our common stock, the personal circumstances of the sellers and other factors. Prior to the offering, there has been no public market for the common stock, and there can be no assurance that a significant public market for the common stock will develop or be sustained after the offering. Any future sale of substantial amounts of the common stock in the open market may adversely affect the market price of the common stock offered by this prospectus.

Lock-up Agreements

We, our directors and executive officers, and certain of our other stockholders have agreed that, subject to certain exceptions, they will not sell any common stock without the prior written consent of the underwriters for a period of 180 days from the date of this prospectus.

Employee Benefit Plans

Any employee or consultant who purchased his or her shares under a written compensatory plan or contract is entitled to rely on the resale provisions of Rule 701, which permits non-affiliates to sell their Rule 701 shares without having to comply with the public information, holding period, volume limitation or notice provisions of Rule 144 and permits affiliates to sell their Rule 701 shares without having to comply with the Rule 144 holding period restrictions, in each case commencing 90 days after the date of this prospectus. As of August 31, 2013, the holders of options to purchase approximately 2,898,753 shares of common stock will be eligible to sell their shares upon the expiration of the 180-day lockup period, subject to the vesting of those options.

We intend to file a registration statement on Form S-8 under the Securities Act as soon as practicable after the completion of the offering to register 1,960,168 shares of common stock subject to outstanding stock options or reserved for issuance under our stock plans. This registration will permit the resale of these shares by non-affiliates in the public market without restriction under the Securities Act, upon completion of the lock-up period described above. Shares registered under the Form S-8 registration statement held by affiliates will be subject to Rule 144 volume limitations. See “Management—Executive Compensation” and “—Employee Benefit Plans.”

MATERIAL U.S. FEDERAL TAX CONSEQUENCES FOR NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a beneficial owner that is a "non-U.S. holder." For purposes of this discussion, a "non-U.S. holder" means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

- an individual who is a resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state or political subdivision thereof;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or if the trust has a valid election to be treated as a U.S. person under applicable regulations issued by the U.S. Department of the Treasury ("Treasury Regulations").

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein, possibly with a retroactive effect. In addition, the Internal Revenue Service (the "IRS") could challenge one or more of the tax consequences described in this prospectus.

The discussion below is limited to non-U.S. holders that hold our shares of common stock as capital assets (generally, property held for investment) within the meaning of the Code. This discussion does not address all aspects of U.S. federal income and estate taxation, including the Medicare contribution tax, that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances nor does it address any aspects of U.S. state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules under the Code applicable to particular non-U.S. holders, such as:

- financial institutions;
- brokers or dealers in securities;
- tax-exempt organizations;
- pension plans;
- owners that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment;
- insurance companies;
- controlled foreign corporations;
- passive foreign investment companies; and
- certain U.S. expatriates.

If a partnership, or any entity treated as a partnership for U.S. federal income tax purposes, is a holder of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and the partners in such partnership, should consult their own tax advisers regarding the tax consequences of the acquisition, holding and disposition of our common stock, as applicable.

Prospective holders are urged to consult their tax advisers with respect to the particular tax consequences to them of acquiring, holding and disposing of our common stock, including the consequences under the laws of any state, local or foreign jurisdiction.

As discussed in the section entitled "Dividend Policy," we do not anticipate paying any dividends on our common stock in the foreseeable future. In the event that we do make distributions of cash or other property on our common stock (other than certain pro rata distributions of our common stock or rights to acquire our common stock), those distributions generally will be treated as dividends to the extent paid from our accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's tax basis in the common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below under the heading "Gain on Dispositions of Common Stock." Any such distribution would also be subject to the discussion below under the section titled "Withholding and Information Reporting Requirements–FATCA." Dividends paid to a non-U.S. holder of our common stock generally will be subject to withholding tax at a 30% rate, or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding under an applicable income tax treaty, a non-U.S. holder must provide an IRS Form W-8BEN (or successor form) certifying its entitlement to benefits under the treaty. Non-U.S. holders are urged to consult their own tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

The withholding tax does not apply to dividends paid to a non-U.S. holder that provides an IRS Form W-8ECI (or successor form), certifying that the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States ("effectively connected dividends"). Instead, effectively connected dividends will be subject to regular U.S. income tax as if the non-U.S. holder were a U.S. resident, subject to any applicable income tax treaty providing otherwise. A non-U.S. corporation receiving effectively connected dividends may also be subject to an additional "branch profits tax," currently at the rate of 30% (or a lower rate prescribed under an applicable income tax treaty).

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit against any excess amounts withheld by timely filing an appropriate claim with the IRS.

Gain on Disposition of Common Stock

A non-U.S. holder generally will not be subject to U.S. federal income tax on gain realized on a sale or other disposition of common stock unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States, and if an applicable tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States; in these cases, the non-U.S. holder will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons, subject to an applicable income tax treaty providing otherwise and if the non-U.S. holder is a corporation, an additional branch profits tax at a rate of 30%, or a lower rate as may be specified by an applicable income tax treaty, may also apply;

- the non-U.S. holder is a nonresident alien present in the United States for 183 days or more in the taxable year of the disposition and certain other requirements are met, in which case the non-U.S.

holder will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the disposition, which may be offset by U.S.-source capital losses of the non-U.S. holder, if any; or

- we are or have been a "U.S. real property holding corporation," as defined below, at any time within the five-year period preceding the disposition or during the non-U.S. holder's holding period, whichever period is shorter.

We are not, and do not anticipate becoming, a U.S. real property holding corporation. Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its U.S. real property interests (as defined in the Code and the applicable Treasury Regulations) equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. Even if we were to become a U.S. real property holding corporation, gain on the sale or other disposition of common stock by a non-U.S. holder generally would not be subject to U.S. federal income tax, provided that the common stock is regularly traded on an established securities market and the non-U.S. holder does not actually or constructively own more than 5% of the common stock during the shorter of (1) the five-year period ending on the date of the disposition or (2) the period of time during which the holder held such shares.

Information Reporting Requirements and Backup Withholding

We must report annually to the IRS and to each non-U.S. holder the gross amount of the distributions on our common stock paid to such holder and the tax withheld, if any, with respect to such distributions. Unless a non-U.S. holder complies with certification procedures to establish that it is not a U.S. person (as defined in the Code), information returns may be filed with the IRS in respect of the proceeds from a sale or other disposition of common stock and the non-U.S. holder may be subject to U.S. backup withholding (currently at 28%) on payments of dividends or on the proceeds from a sale or other disposition of common stock. The certification procedures required to claim a reduced rate of withholding under a treaty will satisfy the certification requirements necessary to avoid the backup withholding tax as well. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office or broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement.

The amount of any backup withholding from a payment to a non-U.S. holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund or credit against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

Federal Estate Tax

Individual Non-U.S. holders and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by a non-U.S. holder individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty benefit, the common stock will be treated as U.S. situs property subject to U.S. federal estate tax.

Withholding and Information Reporting Requirements–FATCA

The Foreign Account Tax Compliance Act, which is commonly referred to as "FATCA," will impose a U.S. federal withholding tax of 30% on payments of dividends on and gross proceeds from the sale or disposition of, our common stock if paid to a foreign entity unless (i) if the foreign entity is a "foreign financial institution," the foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," the foreign entity identifies certain of its U.S. investors, if any, or (iii) the foreign entity is otherwise exempt under FATCA. Although this legislation is effective with regards to amounts paid after December 31, 2012, under final Treasury Regulations issued on January 17, 2013 and IRS Notice 2013-43 released on July 12, 2013, withholding under FATCA will only apply (1) to payments of dividends on our common stock made after June 30, 2014 and (2) to payments of gross proceeds from a sale or other disposition of our common stock made after December 31, 2016. Under certain circumstances, a non-U.S. holder may be eligible for refunds or credits for such taxes.

Prospective investors should consult their own tax advisors regarding the possible implication of the FATCA rules on their investment in our common stock, and the entities through which they holder our common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax under FATCA.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Leerink Swann LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Leerink Swann LLC	
Stifel, Nicolaus & Company, Incorporated	
Lazard Capital Markets LLC	
Wedbush Securities Inc.	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to MacroGenics	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by us. We have also agreed to reimburse the underwriters for certain of their expenses, in an amount of up to $25,000, incurred in connection with review by the Financial Industry Regulatory Authority, Inc. of the terms of this offering, as set forth in the underwriting agreement.

Lazard Frères & Co. LLC referred this transaction to Lazard Capital Markets LLC and will receive a referral fee from Lazard Capital Markets LLC in connection therewith.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers and directors and certain of our other existing security holders have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant for the sale of any common stock;
- lend or otherwise dispose of or transfer any common stock;
- request or demand that we file a registration statement related to the common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Nasdaq Global Select Market Listing

We expect the shares to be approved for listing on the Nasdaq Global Select Market, subject to notice of issuance, under the symbol "MGNX".

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,

- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares described above. The underwriters may close out 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 close out 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 shares through the option granted to them. “Naked” short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our 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 shares 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.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Reserved Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the shares offered by this prospectus for sale to some of our directors, officers, employees, business associates and related persons. If these persons purchase 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.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated have passive limited partnership interests in certain holders of our common stock, which, in the aggregate, account for less than one percent of our common stock. Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), no offer of shares may be made to the public in that Relevant Member State other than:

A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;

B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or

C. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an

offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any 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 the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of 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 under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

LEGAL MATTERS

The validity of the issuance of the shares of common stock offered by this prospectus will be passed upon for us by Arnold & Porter LLP, Washington, District of Columbia. Legal matters relating to the sale of common stock in this offering will be passed upon for the underwriters by Wilmer Cutler Pickering Hale and Dorr LLP, New York, New York.

EXPERTS

Ernst & Young LLP, independent registered accounting firm, has audited our consolidated financial statements at December 31, 2011 and 2012, and for the years then ended, as set forth in their report. We've included our financial statements in this 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 MORE INFORMATION

We have filed a registration statement on Form S-1 with the Securities and Exchange Commission under the Securities Act with respect to the common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to us and our common stock, please see the registration statement and the exhibits and schedules filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. The registration statement, including its exhibits and schedules, may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is *www.sec.gov*.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and on the SEC website referred to above.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MacroGenics, Inc.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
MacroGenics, Inc.

We have audited the accompanying consolidated balance sheets of MacroGenics, Inc. as of December 31, 2011 and 2012, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MacroGenics, Inc. at December 31, 2011 and 2012, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

McLean, Virginia
March 8, 2013, except for the third paragraph of Note 12,
as to which the date is September 26, 2013

MACROGENICS, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2011	December 31, 2012	June 30, 2013 (unaudited)	June 30, 2013 Pro Forma
Assets				
Current assets:				
Cash and cash equivalents	$ 55,218,361	$ 47,743,155	$ 33,780,963	
Accounts receivable	3,397,869	2,046,219	4,153,061	
Prepaid expenses	46,474	137,634	70,709	
Total current assets	58,662,704	49,927,008	38,004,733	
Restricted cash	582,171	404,850	404,850	
Property and equipment, net	3,287,683	3,267,796	3,626,322	
Other assets	148,026	147,246	147,246	
Total assets	$ 62,680,584	$ 53,746,900	$ 42,183,151	
Liabilities and stockholders' equity (deficit)				
Current liabilities:				
Accounts payable	$ 11,051,456	$ 3,739,125	$ 2,118,796	
Accrued expenses	1,051,825	1,237,025	941,030	
Lease exit liability – current	533,560	628,768	1,024,762	
Deferred revenue – current	31,652,533	24,123,176	23,990,542	
Total current liabilities	44,289,374	29,728,094	28,075,130	
Lease exit liability	10,073,939	9,445,171	8,741,774	
Deferred rent expense	2,360,838	2,801,653	2,854,574	
Preferred stock warrant liability	203,642	52,947	124,900	
Deferred revenue, net of current portion	23,237,075	19,956,343	13,317,049	
Total liabilities	80,164,868	61,984,208	53,113,427	
Stockholders' equity (deficit):				
Series A-1 convertible preferred stock, $0.01 par value – 26,874,792 shares authorized, 26,874,792 shares issued and outstanding at December 31, 2011 and 2012 and June 30, 2013; aggregate liquidation preference of $27,000,000 at December 31, 2012 and June 30, 2013 (unaudited), and no shares outstanding at June 30, 2013 (Pro Forma)	268,748	268,748	268,748	—
Series A-2 convertible preferred stock, $0.01 par value – 7,364,582 shares authorized, 7,364,582 shares issued and outstanding at December 31, 2011 and 2012 and June 30, 2013; aggregate liquidation preference of $7,000,000 at December 31, 2012 and June 30, 2013 (unaudited), and no shares outstanding at June 30, 2013 (Pro Forma)	73,646	73,646	73,646	—
Series B convertible preferred stock, $0.01 par value – 71,401,237 shares authorized, 71,401,237 shares issued and outstanding at December 31, 2011 and 2012 and June 30, 2013; aggregate liquidation preference of $31,000,000 at December 31, 2012 and June 30, 2013 (unaudited), and no shares outstanding at June 30, 2013 (Pro Forma)	714,012	714,012	714,012	—

MACROGENICS, INC.

CONSOLIDATED BALANCE SHEETS—(Continued)

	December 31, 2011	December 31, 2012	June 30, 2013 (unaudited)	June 30, 2013 Pro Forma
Series C convertible preferred stock, $0.01 par value – 110,952,217 shares authorized, 110,952,217 shares issued and outstanding at December 31, 2011 and 2012 and June 30, 2013; aggregate liquidation preference of $45,000,000 at December 31, 2012 and June 30, 2013 (unaudited), and no shares outstanding at June 30, 2013 (Pro Forma)	1,109,522	1,109,522	1,109,522	—
Series D convertible preferred stock, $0.01 par value – 30,000,000 shares authorized, 14,446,227 shares issued and outstanding at December 31, 2011 and 2012 and June 30, 2013; aggregate liquidation preference of $9,400,000 at December 31, 2012 and June 30, 2013 (unaudited), and no shares outstanding at June 30, 2013 (Pro Forma)	144,462	144,462	144,462	—
Series D-2 convertible preferred stock, $0.01 par value – 75,000,000 shares authorized, 63,681,176 shares issued and outstanding at December 31, 2011 and 2012 and June 30, 2013; aggregate liquidation preference of $41,500,000 at December 31, 2012 and June 30, 2013 (unaudited), and no shares outstanding at June 30, 2013 (Pro Forma)	636,812	636,812	636,812	—
Common stock, $0.01 par value – 425,000,000 shares authorized, 1,049,030 issued and outstanding at December 31, 2011, 1,098,914 issued and outstanding at December 31, 2012, 1,962,090 issued and outstanding at June 30, 2013 and 18,951,031 at June 30, 2013 (Pro Forma)	10,490	10,989	19,621	189,511
Treasury stock, at cost; 14,381 shares at December 31, 2011 and 2012, June 30, 2013 and June 30, 2013 (Pro Forma)	(57,742)	(57,742)	(57,742)	(57,742)
Additional paid-in capital	163,449,924	164,334,646	165,292,880	168,070,192
Accumulated deficit	(183,834,158)	(175,472,403)	(179,132,237)	(179,132,237)
Total stockholders' equity (deficit)	(17,484,284)	(8,237,308)	(10,930,276)	(10,930,276)
Total liabilities and stockholders' equity (deficit)	$ 62,680,584	$ 53,746,900	$ 42,183,151	$ 42,183,151

MACROGENICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
			(unaudited)	
Revenues:				
Revenue from collaborative research	$ 47,054,397	$ 59,645,819	$ 34,750,830	$ 21,904,821
Grant revenue	10,152,969	4,180,279	3,195,183	991,343
Total revenues	57,207,366	63,826,098	37,946,013	22,896,164
Costs and expenses:				
Research and development	41,088,899	45,432,894	24,956,734	21,145,909
General and administrative	10,868,791	10,187,894	5,126,406	5,336,419
Total costs and expenses	51,957,690	55,620,788	30,083,140	26,482,328
Income (loss) from operations	5,249,676	8,205,310	7,862,873	(3,586,164)
Other income (expense):				
Interest income (expense)	8,009	5,750	3,195	(1,720)
Other income (expense)	1,459,435	150,695	—	(71,950)
Total other income (expense)	1,467,444	156,445	3,195	(73,670)
Net comprehensive income (loss)	$ 6,717,120	$ 8,361,755	$ 7,866,068	$ (3,659,834)
Basic net income (loss) per common share	$ —	$ —	$ 0.03	$ (3.00)
Diluted net income (loss) per common share	$ —	$ —	$ 0.00	$ (3.00)
Basic weighted average number of common shares	1,025,602	1,083,286	1,070,985	1,184,507
Diluted weighted average number of common shares	1,025,602	1,083,286	21,367,567	1,184,507
Pro forma basic net income (loss) per common share		$ 0.38		$ (0.19)
Pro forma diluted net income (loss) per common share		$ 0.38		$ (0.19)
Pro forma basic weighted average number of common shares		18,039,142		18,140,363
Pro forma diluted weighted average number of common shares		21,473,689		18,140,363

MACROGENICS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Series A-1 Convertible Preferred Stock		Series A-2 Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Series D-2 Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2010	26,874,792	$268,748	7,364,582	$73,646	71,401,237	$714,012	110,952,217	$1,109,522	14,446,227	$144,462	45,253,788	$452,538	1,000,681	$10,007	14,381	$(57,742)	$149,202,027	$(190,551,278)	$(38,634,058)
Share-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,347,439	—	2,347,439
Issuance of convertible Series D-2 stock	—	—	—	—	—	—	—	—	—	—	18,427,388	184,274	—	—	—	—	11,830,541	—	12,014,815
Stock option exercises	—	—	—	—	—	—	—	—	—	—	—	—	48,349	483	—	—	69,917	—	70,400
Net income (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,717,120	6,717,120
Balance, December 31, 2011	26,874,792	268,748	7,364,582	73,646	71,401,237	$714,012	110,952,217	1,109,522	14,446,227	144,462	63,681,176	636,812	1,049,030	10,490	14,381	(57,742)	163,449,924	(183,834,158)	(17,484,284)
Share-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	838,395	—	838,395
Stock option exercises	—	—	—	—	—	—	—	—	—	—	—	—	49,884	499	—	—	46,327	—	46,826
Net income (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,361,755	8,361,755
Balance, December 31, 2012	26,874,792	$268,748	7,364,582	$73,646	71,401,237	$714,012	110,952,217	$1,109,522	14,446,227	$144,462	63,681,176	$636,812	1,098,914	$10,989	14,381	$(57,742)	$164,334,646	$(175,472,403)	$ (8,237,308)
Share-based compensation (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	257,625	—	257,625
Stock option exercises (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	863,176	8,632	—	—	700,609	—	709,241
Net income (loss) (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(3,659,834)	(3,659,834)
Balance, June 30, 2013 (unaudited)	26,874,792	$268,748	7,364,582	$73,646	71,401,237	$714,012	110,952,217	$1,109,522	14,446,227	$144,462	63,681,176	$636,812	1,962,090	$19,621	14,381	$(57,742)	$165,292,880	$(179,132,237)	$(10,930,276)

MACROGENICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
			(unaudited)	
Operating activities				
Net income (loss)	$ 6,717,120	$ 8,361,755	$ 7,866,068	$ (3,659,834)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,147,300	959,930	486,952	517,764
Share-based compensation	2,347,439	838,395	419,198	257,625
Fair value adjustment of warrant liability	(1,459,435)	(150,695)	—	71,953
Changes in operating assets and liabilities:				
Accounts receivable	12,551,066	1,351,650	(2,405,069)	(2,106,842)
Prepaid expenses	76,876	(91,160)	(59,180)	66,925
Restricted cash	(513)	177,321	177,321	—
Other assets	(133,782)	780	—	—
Accounts payable	(10,271,048)	(7,312,331)	(6,090,373)	(1,620,329)
Lease exit liability	(447,019)	(533,560)	(260,855)	(307,403)
Accrued expenses	272,988	185,200	174,738	(295,995)
Deferred revenue	(4,275,976)	(10,810,089)	(18,623,512)	(6,771,928)
Deferred rent	232,324	440,815	355,831	52,921
Net cash provided by (used in) operating activities	6,757,340	(6,581,989)	(17,958,881)	(13,795,143)
Cash flows from investing activities				
Purchases of property and equipment	(500,213)	(940,043)	(245,063)	(876,290)
Net cash used in investing activities	(500,213)	(940,043)	(245,063)	(876,290)
Cash flows from financing activities				
Proceeds from issuance of preferred stock	12,014,816	—	—	—
Proceeds from issuance of common stock	70,400	46,826	34,747	709,241
Net cash provided by financing activities	12,085,216	46,826	34,747	709,241
Net change in cash and cash equivalents	18,342,343	(7,475,206)	(18,169,197)	(13,962,192)
Cash and cash equivalents at beginning of year	36,876,018	55,218,361	55,218,361	47,743,155
Cash and cash equivalents at end of year	$ 55,218,361	$ 47,743,155	$ 37,049,164	$ 33,780,963

See accompanying notes.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of Operations

MacroGenics, Inc. (the "Company") was incorporated in Delaware on August 14, 2000. The Company is a clinical-stage biopharmaceutical company focused on discovering and developing innovative monoclonal antibody-based therapeutics for the treatment of cancer and autoimmune diseases. The Company generates its pipeline of product candidates from its proprietary suite of next-generation antibody technology platforms which it believes improve the performance of monoclonal antibodies and antibody-derived molecules. These product candidates, which the Company has identified through its understanding of disease biology and immune-mediated mechanisms may address disease-specific challenges which are not currently being met by existing therapies. The Company creates both differentiated molecules that are directed to novel cancer targets, as well as "bio-betters" which are drugs designed to improve upon marketed medicines.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of MacroGenics, Inc. and its wholly owned subsidiary, MacroGenics West, Inc. All intercompany accounts and transactions have been eliminated in consolidation. The Company currently operates in one operating segment. Operating segments are defined as components of an enterprise about which separate discrete information is available for the chief operating decision maker, or decision making group, in deciding how to allocate resources and assessing performance. The Company views its operations and manages its business in one segment, which is developing monoclonal antibody-based therapeutics for cancer, autoimmune and infectious diseases.

Principals of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, MacroGenics West, Inc. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP) requires the Company to make estimates and judgments in certain circumstances that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. In preparing these consolidated financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. On an ongoing basis, the Company evaluates its estimates, including those related to revenue recognition, fair values of assets, convertible preferred stock and common stock, preferred stock warrant liability, income taxes, pre-clinical study and clinical trial accruals and other contingencies. Management bases its estimates on historical experience or on various other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from these estimates.

In addition, the Company utilizes estimates and assumptions in determining the fair value of its common stock. The Company granted stock options at exercise prices not less than the fair value of its common stock as determined by the board of directors, with input from management. Management uses contemporaneous valuations in estimating the fair value of its common stock. The board of directors has determined the estimated fair value of the common stock based on a number of objective and subjective factors, including external market

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

considerations affecting the biotechnology industry and the historic prices at which the Company sold shares of its preferred stock.

Unaudited Interim Financial Information

The accompanying unaudited interim consolidated balance sheet as of June 30, 2013, the consolidated statements of operations and comprehensive income and cash flows for the six months ended June 30, 2013 and 2012, the consolidated statement of changes in stockholders' equity (deficit) for the six months ended June 30, 2013, and the related interim information contained within the notes to the consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the Company's financial position at June 30, 2013 and results of its operations and its cash flows for the six months ended June 30, 2013 and 2012. The results for the six months ended June 30, 2013 are not necessarily indicative of future results. All references to June 30, 2013 or to the six months ended June 30, 2013 and 2012 in the notes to the consolidated financial statements are unaudited.

Unaudited Pro Forma Balance Sheet Presentation

The unaudited pro forma balance sheet as of June 30, 2013, reflects the expected automatic conversion of the outstanding shares of Series A-1, Series A-2, Series B, Series C, Series D, and Series D-2 convertible preferred stock into shares of common stock as though the completion of the Company's initial public offering (IPO) had occurred on June 30, 2013. The shares of common stock issued in the IPO and any related estimated net proceeds are excluded from such pro forma information.

Cash and Cash Equivalents

The Company considers all investments in highly liquid financial instruments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents consist of certificates of deposit and investment in money market funds with commercial banks and financial institutions. Cash equivalents are stated at amortized cost, plus accrued interest, which approximates fair value.

Accounts Receivable

Accounts receivable that management has the intent and ability to collect are reported in the consolidated balance sheets at outstanding amounts, less an allowance for doubtful accounts. The Company writes off uncollectible receivables when the likelihood of collection is remote.

The Company evaluates the collectability of accounts receivable on a regular basis. The allowance, if any, is based upon various factors including the financial condition and payment history of customers, an overall review of collections experience on other accounts and economic factors or events expected to affect future collections experience. No allowance was recorded as of December 31, 2011, December 31, 2012, and June 30, 2013, as the Company has a history of collecting on all outstanding accounts.

Restricted Cash

The Company is required to maintain certificates of deposit that serve as collateral for various operating leases and corporate credit card accounts. Amounts classified as restricted cash on the consolidated balance sheets are $582,171 at December 31, 2011 and $404,850 at December 31, 2012 and June 30, 2013.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value of Financial Instruments

The fair market values of the financial instruments included in the financial statements, which include cash equivalents and money market accounts, approximate their carrying values at December 31, 2012 and 2011, due to their short-term maturities. The Company accounts for recurring and non-recurring fair value measurements in accordance with Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 defines fair value, establishes a fair value hierarchy for assets and liabilities measured at fair value, and requires expanded disclosures about fair value measurements. The ASC 820 hierarchy ranks the quality of reliability of inputs, or assumptions, used in the determination of fair value, and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 – Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets and liabilities.
- Level 2 – Fair value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in inactive markets. Related inputs can also include those used in valuation or other pricing models, such as interest rates and yield curves that can be corroborated by observable market data.
- Level 3 – Fair value is determined by inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgments to be made by a reporting entity – e.g., determining an appropriate adjustment to a discount factor for illiquidity associated with a given security.

The Company evaluates financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them each reporting period. This determination requires the Company to make subjective judgments as to the significance of inputs used in determining fair value and where such inputs lie within the ASC 820 hierarchy.

Financial assets and liabilities subject to fair value measurements as of December 31, 2011, December 31, 2012 and June 30, 2013, were as follows:

		Fair Value Measurements at December 31, 2011		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Cash and cash equivalents	$ 31,049,050	$ 31,049,050	$ —	$ —
Money market funds	24,169,311	—	24,169,311	—
Restricted cash	582,171	582,171	—	—
Total assets	$ 55,800,532	$ 31,631,221	$ 24,169,311	$ —
Liabilities:				
Preferred stock warrant liability	$ (203,642)	$ —	$ —	$ (203,642)

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Total	Fair Value Measurements at December 31, 2012		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Cash and cash equivalents	$18,695,197	$ 18,695,197	$ —	$ —
Money market funds	29,047,958	29,047,958	—	—
Restricted cash	404,850	404,850	—	—
Total assets	$48,148,005	$ 48,148,005	$ —	$ —
Liabilities:				
Preferred stock warrant liability	$ (52,947)	$ —	$ —	$ (52,947)

	Total	Fair Value Measurements at June 30, 2013		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Cash and cash equivalents	$ 4,733,549	$ 4,733,549	$ —	$ —
Money market funds	29,047,414	29,047,414	—	—
Restricted cash	404,850	404,850	—	—
Total assets	$34,185,813	$ 34,185,813	$ —	$ —
Liabilities:				
Preferred stock warrant liability	$ (124,900)	$ —	$ —	$ (124,900)

As of December 31, 2012, the Company transferred its money market funds from Level 2 to Level 1 because the inputs are now based upon a quoted market price.

The Company's Level 1 securities primarily consist of restricted cash, cash equivalents and money market funds. The Company determines the estimated fair value for its Level 1 securities using quoted (unadjusted) prices for identical assets or liabilities in active markets.

The Company determines the estimated fair value for its Level 2 securities using the following methods: quoted prices for similar assets/liabilities in active markets, inputs other than quoted prices that are observable for the asset/liability (e.g., interest rates, yield curves volatilities, default rates, etc.) and inputs that are derived principally from or corroborated by other observable market data.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents information about the Company's preferred stock warrant liability, which was the only financial instrument measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820 as of December 31, 2011, December 31, 2012, and June 30, 2013:

	December 31,		
	2011	2012	June 30, 2013 (unaudited)
Balance beginning of year	$ (1,663,077)	$ (203,642)	$ (52,947)
Total unrealized gains (losses) included in earnings	1,459,435	150,695	(71,953)
Balance end of year	$ (203,642)	$ (52,947)	$ (124,900)

In order to estimate the fair value of the preferred stock purchase warrants, the business enterprise value was established based on a discounted cash flow model (income approach). The Company utilized an option pricing method to value the shares using a contingent claims analysis, which applies a series of call options whose inputs reflect the liquidation preferences and conversion behavior of the different classes of equity. After the equity value of the business enterprise was determined, the total equity value is allocated to the various equity instruments such as preferred stock, stock options and preferred stock purchase warrants. Key management estimates relate to the time period to liquidation and conversion behavior of a particular class of stockholders. The business enterprise value includes assumptions related to product approval, market penetration and costs to develop the product. Significant changes to these assumptions would result in increases/decreases to the fair value of the outstanding warrants.

The total unrealized gains (losses) on the preferred stock warrants included in earnings is included as a component of other income (expense) in the consolidated statement of operations and comprehensive income.

Concentration of Credit Risk

Substantially all of the Company's cash and cash equivalents are maintained with major financial institutions in the United States. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, and accounts receivable. The counterparties are various corporations, financial institutions and government agencies of high credit standing.

For the years ended December 31, 2011 and 2012, and the quarter ended June 30, 2013, all of the Company's grant revenue was related to contracts and research grants received from U.S. government agencies. Collaborations with Eli Lilly & Co. (Eli Lilly), Boehringer Ingelheim GmbH (Boehringer), Pfizer, Inc. (Pfizer), and Les Laboratoires Servier and Institut de Recherches Servier (collectively, Servier) account for all other revenue. All outstanding receivables are due from Eli Lilly, Boehringer, Pfizer, and U.S. government agencies.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table represents the percentage of all significant revenue earned in the years ended December 31, 2011 and 2012 as well as in the six month period ended June 30, 2013:

	December 31,		June 30,
	2011	2012	2013 (unaudited)
Eli Lilly	54.0%	48.9%	2.1%
Boehringer	15.6	18.4	19.7
Pfizer	10.8	8.7	9.8
Servier	—	17.3	47.6
Gilead Sciences, Inc.	—	—	16.4
Government Agencies	17.7	6.5	4.3

The following table represents the percentage of all significant accounts receivable balances as of December 31, 2011, December 31, 2012 and June 30, 2013:

	December 31,		June 30,
	2011	2012	2013 (unaudited)
Eli Lilly	10.6%	28.2%	3.1%
Boehringer	40.1	18.0	2.8
Pfizer	28.0	45.4	14.3
Gilead Sciences, Inc.	—	—	25.7
Servier	—	—	52.4
Government Agencies	21.3	8.4	1.7

Property and Equipment

Property and equipment are stated at cost. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations. Repairs and maintenance costs are expensed as incurred. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

Computer equipment	3 years
Software	3 years
Furniture	10 years
Laboratory and office equipment	5 years
Leasehold improvements	Shorter of lease term or useful life

Impairment of Long-Lived Assets

The Company assesses the recoverability of its long-lived assets in accordance with the provisions of ASC 360, *Property, Plant and Equipment*. ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset or asset group. If carrying value exceeds the sum of undiscounted cash flows, the Company then determines the fair value of the underlying asset group. Any impairment to be recognized is measured by the amount by which the carrying amount of the asset

group exceeds the estimated fair value of the asset group. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. As of December 31, 2011 and 2012, and June 30, 2013, the Company determined that there were no impaired assets and had no assets held-for-sale.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that such tax rate changes are enacted. The measurement of a deferred tax asset is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. Financial statement recognition of a tax position taken or expected to be taken in a tax return is determined based on a more-likely-than-not threshold of that position being sustained. If the tax position meets this threshold, the benefit to be recognized is measured as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company's policy is to record interest and penalties related to uncertain tax positions as a component of income tax expense.

Revenues

Revenue Recognition

The Company enters into collaboration and license agreements with collaborators for the development of monoclonal antibody-based therapeutics to treat cancer and other complex diseases. The terms of these agreements contain multiple deliverables which may include (i) licenses, or options to obtain licenses, to the Company's technological platforms, such as its Fc Optimization and Dual-Affinity Re-Targeting, or DART, technologies, (ii) rights to future technological improvements, (iii) research and development activities to be performed on behalf of the collaborator or as part of the collaboration, and (iv) the manufacture of pre-clinical or clinical materials for the collaborator. Payments to the Company under these agreements may include nonrefundable license fees, option fees, exercise fees, payments for research and development activities, payments for the manufacture of pre-clinical or clinical materials, license maintenance payments, payments based upon the achievement of certain milestones and royalties on product sales. Other benefits to the Company of these agreements include the right to sell products resulting from the collaborative efforts of the parties in specific geographic territories. The Company follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 605-25, *Revenue Recognition – Multiple-Element Arrangements*, and ASC Topic 605-28, *Revenue Recognition–Milestone Method*, in accounting for these agreements. In order to account for these agreements, the Company must identify the deliverables included within the agreement and evaluate which deliverables represent separate units of accounting based on the achievement of certain criteria, including whether the delivered element has stand-alone value to the collaborator. The consideration received is allocated among the separate units of accounting, and the applicable revenue recognition criteria are applied to each of the separate units.

For the periods presented, the Company had the following two types of agreements with the parties identified below: 1) exclusive development and commercialization licenses to use the Company's technology and/or certain other intellectual property to develop compounds against specified targets (referred to herein as exclusive licenses); and 2) Option/research agreements to secure on established terms, development and commercialization licenses to anticancer and other therapeutic product candidates to collaborator selected targets developed by the Company during an option period (referred to herein as right-to-develop agreements).

There are no performance, cancellation, termination or refund provisions in any of the arrangements that contain material financial consequences to the Company.

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Exclusive Licenses

The deliverables under an exclusive license agreement generally include the exclusive license to the Company's DART technology with respect to a specified antigen target, and may also include deliverables related to rights to future technological improvements, research and pre-clinical development activities to be performed on behalf of the collaborator. In some cases the Company may have an option to participate in the co-development of product candidates that result from such agreements.

Generally, exclusive license agreements contain nonrefundable terms for payments and, depending on the terms of the agreement, provide that the Company will (i) at the collaborator's request, provide research and pre-clinical development services at negotiated prices which are generally consistent with what other third parties would charge, (ii) earn payments upon the achievement of certain milestones, (iii) earn royalty payments, and (iv) in some cases grant the Company an option to participate in the development and commercialization of products that result from such agreements. Royalty rates may vary over the royalty term depending on the Company's intellectual property rights and whether the Company exercises any co-development and co-commercialization rights. The Company may provide technical assistance and share any technology improvements with its collaborators during the term of the collaboration agreements.

The Company does not directly control when any collaborator will achieve milestones or become liable for royalty payments.

In determining the units of accounting, management evaluates whether the exclusive license has stand-alone value from the undelivered elements to the collaborator based on the consideration of the relevant facts and circumstances for each arrangement. Factors considered in this determination include the research and development capabilities of the partner and the availability of technology platform and product research expertise in the general marketplace. If the Company concludes that the license has stand-alone value and therefore will be accounted for as a separate unit of accounting, the Company then determines the estimated selling prices of the license and all other units of accounting based on market conditions, similar arrangements entered into by third parties, and entity-specific factors such as the terms of the Company's previous collaboration agreements, recent pre-clinical and clinical testing results of therapeutic product candidates that use the Company's technology platforms, the Company's pricing practices and pricing objectives, the likelihood that technological improvements will be made, the likelihood that technological improvements made will be used by the Company's collaborators and the nature of the research services to be performed on behalf of its collaborators and market rates for similar services.

Upfront payments on exclusive licenses are deferred if facts and circumstances dictate that the license does not have stand-alone value. Prior to the adoption of Accounting Standards Update (ASU) No. 2009-13, *Revenue Arrangements with Multiple Deliverables*, on January 1, 2011, the Company determined that its licenses lacked stand-alone value because it did not have vendor-specific objective evidence of selling price ("VSOE"), and were combined with other elements of the arrangement and any amounts associated with the license were deferred and amortized over a certain period, which the Company refers to as the Company's period of substantial involvement. In making the determination of the length of the period over which to defer revenue for contracts entered in to prior to the adoption of ASU No. 2009-13, significant judgment and estimation is used by the Company and can have an impact on the amount of revenue recognized in a given period. Historically, the Company's involvement with the development of a collaborator's product candidate has been significant at the early stages of development, and lessens as it progresses into clinical trials. Accordingly, the Company generally estimates this period of substantial involvement to begin at the inception of the collaboration agreement and conclude at the end of the Company's substantial involvement. ASU No. 2009-13 amends the criteria for separating and allocating consideration in a multiple element arrangement by modifying the fair value

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requirements for revenue recognition and eliminating the use of the residual value method. The selling prices of deliverables under an arrangement may be derived using third-party evidence ("TPE"), or a best estimate of selling price ("BESP"), if VSOE is not available. The objective of BESP is to determine the price at which the Company would transact a sale if the element within the license agreement was sold on a standalone basis. Establishing BESP involves management's judgment and considers multiple factors, including market conditions and company-specific factors, including those factors contemplated in negotiating the agreements, as well as internally developed models that include assumptions related to market opportunity, discounted cash flows, estimated development costs, probability of success and the time needed to commercialize a product candidate pursuant to the license. In validating the BESP, management considers whether changes in key assumptions used to determine the BESP will have a significant effect on the allocation of the arrangement consideration between the multiple deliverables. Deliverables under the arrangement are separate units of accounting if (i) the delivered item has value to the customer on a standalone basis and (ii) if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially within the Company's control. The arrangement consideration that is fixed or determinable at the inception of the arrangement is allocated to the separate units of accounting based on their relative selling prices. The appropriate revenue recognition model is applied to each element and revenue is accordingly recognized as each element is delivered. Management exercises significant judgment in determining whether a deliverable is a separate unit of accounting.

In determining the separate units of accounting, the Company evaluated whether the exclusive license had standalone value to the collaborator based on consideration of the relevant facts and circumstances for each arrangement. Factors considered in this determination included the research and development capabilities of the collaborator and the availability of relevant research expertise in the marketplace. In addition, the Company considered whether or not (i) the collaborator could use the license for its intended purpose without the receipt of the remaining deliverables, (ii) the value of the license was dependent on the undelivered items and (iii) the collaborator or other vendors could provide the undelivered items.

The Company reassesses its periods of substantial involvement over which the Company amortizes its upfront license fees and makes adjustments as appropriate. In the event a collaborator elects to discontinue development of a specific product candidate under a single target license, but retains its right to use the Company's technology to develop an alternative product candidate to the same target or a target substitute, the Company would cease amortization of any remaining portion of the upfront fee until there is substantial pre-clinical activity on another product candidate and its remaining period of substantial involvement can be estimated. In the event that a single target license were to be terminated, the Company would recognize as revenue any portion of the upfront fee that had not previously been recorded as revenue, but was classified as deferred revenue, at the date of such termination or through the remaining substantial involvement in the wind down of the agreement.

Upfront payments on exclusive licenses may be recognized upon delivery of the license if facts and circumstances dictate that the license has stand-alone value from the undelivered elements, which generally include rights to future technological improvements, research services and the manufacture of pre-clinical and clinical materials.

The Company recognizes revenue related to research and pre-clinical development services that represent separate units of accounting as they are performed, as long as there is persuasive evidence of an arrangement, the fee is fixed or determinable, and collection of the related receivable is probable. The Company recognizes revenue related to the rights to future technological improvements over the estimated term of the applicable license.

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The Company typically performs research activities and pre-clinical development services, including generating and engineering product candidates, on behalf of its licensees during the early evaluation and pre-clinical testing stages of drug development under its exclusive licenses. The Company records amounts received for research materials produced or services performed as revenue from collaborative research.

The Company's license agreements have milestone payments which for reporting purposes are aggregated into three categories: (i) development milestones, (ii) regulatory milestones, and (iii) sales milestones. Development milestones are typically payable when a product candidate initiates or advances into different clinical trial phases. Regulatory milestones are typically payable upon submission for marketing approval with the FDA or other countries' regulatory authorities or on receipt of actual marketing approvals for the compound or for additional indications. Sales milestones are typically payable when annual sales reach certain levels.

At the inception of each agreement that includes milestone payments, the Company evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether (a) the consideration is commensurate with either (1) the entity's performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone, (b) the consideration relates solely to past performance and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. The Company evaluates factors such as the scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the arrangement in making this assessment.

Non-refundable development and regulatory milestones that are expected to be achieved as a result of the Company's efforts during the period of substantial involvement are considered substantive and are recognized as revenue upon the achievement of the milestone, assuming all other revenue recognition criteria are met. Milestones that are not considered substantive because the Company does not contribute effort to the achievement of such milestones are generally achieved after the period of substantial involvement and are recognized as revenue upon achievement of the milestone, as there are no undelivered elements remaining and no continuing performance obligations, assuming all other revenue recognition criteria are met.

Right-to-Develop Agreements

The Company's right-to-develop agreements provide collaborators with an exclusive option to obtain licenses to develop and commercialize in specified geographic territories product candidates developed by the Company under agreed upon research and pre-clinical development product programs. The product candidates resulting from each program are all directed to a specific target selected by the collaborator. Under these agreements, fees may be due to the Company (i) at the inception of the arrangement (referred to as "upfront" fees or payments), (ii) the selection of a target for a program, (iii) upon the exercise of an option to acquire a development and commercialization license (referred to as exercise fees or payments earned) for a program, or (iv) some combination of all of these fees.

The accounting for right-to-develop agreements is dependent on the nature of the options granted to the collaborator. Options are considered substantive if, at the inception of a right-to-develop agreement, the Company is at risk as to whether the collaborator will choose to exercise the options to secure development and commercialization licenses. Factors that are considered in evaluating whether options are substantive include the overall objective of the arrangement, the benefit the collaborator might obtain from the agreement without exercising the options, the cost to exercise the options relative to the total upfront consideration, and the additional financial commitments imposed on the collaborator as a result of exercising the options.

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For right-to-develop agreements where the options to secure development and commercialization licenses to a product program are considered substantive, the Company does not consider the development and commercialization licenses to be a deliverable at the inception of the agreement. For those right-to-develop agreements entered into prior to the adoption of ASU No. 2009-13 where the options to secure development and commercialization licenses are considered substantive, the Company has deferred the upfront payments received and recognizes this revenue over the period during which the collaborator could elect to exercise options for development and commercialization licenses. These periods are specific to each collaboration agreement. If a collaborator selects a target for a product program, any substantive option fee is deferred and recognized over the life of the option, generally 12 months. Subsequent to the adoption of ASU No. 2009-13, the Company's evaluation of whether the option is substantive is consistent with pre-adoption of ASU No. 2009-13. How the Company determines the selling price of the option is the only difference between pre and post adoption of ASU No. 2009-13. Post adoption of ASU No. 2009-13, the selling prices of deliverables under an arrangement may be derived using TPE or a BESP, if VSOE is not available. The objective of BESP is to determine the price at which the Company would transact a sale if the element within the right-to-develop agreement was sold on a standalone basis. Establishing BESP involves management's judgment and considers multiple factors, including market conditions and company-specific factors, including those factors contemplated in negotiating the agreements, as well as internally developed models that include assumptions related to market opportunity, discounted cash flows, estimated development costs, probability of success and the time needed to commercialize a product candidate pursuant to the right-to-develop agreement. In validating the BESP, management considers whether changes in key assumptions used to determine the BESP will have a significant effect on the allocation of the arrangement consideration between the multiple deliverables. Deliverables under the arrangement are separate units of accounting if (i) the delivered item has value to the customer on a standalone basis and (ii) if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially within the Company's control. The arrangement consideration that is fixed or determinable at the inception of the arrangement is allocated to the separate units of accounting based on their relative selling prices. The appropriate revenue recognition model is applied to each element and revenue is accordingly recognized as each element is delivered. Management exercises significant judgment in determining whether a deliverable is a separate unit of accounting.

If a collaborator exercises an option and acquires a development and commercialization license to a product program, the Company attributes the exercise fee to the development and commercialization license. The Company determines the selling price of the option license, upon exercise, through management's best estimate. Management's determination of selling price includes such factors as stage of development, market potential and cash flow models used during the negotiation with the collaborator. There have been no option license exercises to date for any period presented. Upon exercise of an option to acquire a development and commercialization license, the Company would also attribute any remaining deferred option fee to the development and commercialization license and apply the multiple-element revenue recognition criteria to the development and commercialization license and any other deliverables to determine the appropriate revenue recognition, which will be consistent with the Company's accounting policy for upfront payments on exclusive licenses event a right-to-develop agreement were to be terminated, the Company would recognize as revenue any portion of the upfront fee that had not previously been recorded as revenue, but was classified as deferred revenue, at the date of such termination. The Company's right-to-develop agreements have been determined to contain substantive options.

For right-to-develop agreements where the options to secure development and commercialization licenses to product programs are not considered substantive, the Company considers the development and commercialization licenses to be a deliverable at the inception of the agreement and applies the multiple-element revenue recognition criteria to determine the appropriate revenue recognition. The Company does not directly control when any collaborator will exercise its options for development and commercialization licenses.

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Research and Development Costs

Research and development expenditures are expensed as incurred. Research and development costs primarily consist of employee related expenses, including salaries and benefits, expenses incurred under agreements with contract research organizations, investigative sites and consultants that conduct the Company's clinical trials, the cost of acquiring and manufacturing clinical trial materials and other allocated expenses, license fees for and milestone payments related to in-licensed products and technologies, stock-based compensation expense, and costs associated with non-clinical activities and regulatory approvals.

Comprehensive Income (Loss)

Effective January 1, 2012, the Company adopted FASB's Accounting Standards Update 2011-05, *Presentation of Comprehensive Income*. ASC 220, *Comprehensive Income*, requires the presentation of the comprehensive income (loss) and its components, as part of the consolidated financial statements. Comprehensive income (loss) is comprised of the net income (loss) and other changes in equity that are excluded from net income (loss). Comprehensive income (loss) equals net income (loss) for the years ended December 31, 2011 and 2012, and for the quarter ended June 30, 2013.

Stock-based Compensation

Stock-based payments are accounted for in accordance with the provisions of ASC 718, *Compensation – Stock Compensation*. The fair value of stock-based payments is estimated, on the date of grant, using the Black-Scholes model. The resulting fair value is recognized ratably over the requisite service period, which is generally the vesting period of the option.

For all time-vesting awards granted, expense is amortized using the straight-line attribution method. For awards that contain a performance condition, expense is amortized using the accelerated attribution method. Recognition of stock-based compensation expense is based on the value of the portion of stock-based awards that is ultimately expected to vest during the period.

The Company utilizes the Black-Scholes model for estimating fair value of its stock options granted. Option valuation models, including the Black-Scholes model, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant-date fair value of an award. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility and the expected life of the award.

Net Income (Loss) Per Share

Income (loss) per share is calculated under the two-class method under which all earnings (distributed and undistributed) are allocated to each class of common stock and participating securities based on their respective rights to receive dividends. In the event that the Board of Directors shall declare a dividend payable in cash or other property on the then-outstanding shares of common stock, the holders of the Series A-1, A-2, B, C, D, and D-2 convertible preferred stock shall be entitled to receive the amount of dividends per share of Preferred Stock that would be payable on the largest number of whole shares of Common Stock into which each share of Preferred Stock could then be converted. Therefore, the Series A-1, A-2, B, C, D and D-2 are participating securities.

Basic net income (loss) per common share is determined by dividing the net income (loss) allocable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted net income (loss) per share is computed by dividing the net income (loss) allocable to common stockholders by the weighted-average number of common stock equivalents outstanding for the period. The treasury stock method is used to determine the dilutive effect of the Company's

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stock option grants and the if-converted method is used to determine the dilutive effect of the Company's Series A-1, A-2, B, C, D, and D-2 convertible preferred stock.

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
			(Unaudited)	
Basic Income (Loss) per Share				
Net income (loss)	$ 6,717,120	$ 8,361,755	$ 7,866,068	$ (3,659,837)
Less: Undistributed earnings allocated to participating securities	$ (6,717,120)	$ (8,361,755)	$ (7,829,583)	$ —
Net income (loss) allocable to common shares	$ —	$ —	$ 36,485	$ (3,659,837)
Basic weighted average common shares outstanding	1,025,602	1,083,286	1,070,985	1,184,507
Basic earnings per common share	$ —	$ —	$ 0.03	$ (3.00)
Diluted earnings per common share				
Net income (loss)	$ 6,717,120	$ 8,361,755	$ 7,866,068	$ (3,659,837)
Less: Undistributed earnings allocated to participating securities	$ (6,717,120)	$ (8,361,755)	$ (7,829,583)	$ —
Net income (loss) allocable to common shares	$ —	$ —	$ 36,485	$ (3,659,837)
Basic weighted average common shares outstanding	1,025,602	1,083,286	1,070,985	1,184,507
Effect of dilutive securities	—	—	20,296,581	—
Diluted weighted average common shares outstanding	1,025,602	1,083,286	21,367,567	1,184,507
Diluted income per common share	$ —	$ —	$ 0.03	$ (3.00)

The following common stock equivalents were excluded in the calculation of diluted net income (loss) per share because their effect would be anti-dilutive:

	December 31,		June 30,	
	2011	2012	2012	2013
Series A-1 Preferred Stock	2,156,114	2,156,114	—	2,156,114
Series A-2 Preferred Stock	392,274	392,274	—	392,274
Series B Preferred Stock	4,336,037	4,336,037	—	4,336,037
Series C Preferred Stock	5,909,906	5,909,906	—	5,909,906
Series D Preferred Stock	769,468	769,468	—	769,468
Series D-2 Preferred Stock	3,391,991	3,391,991	—	3,391,991
Warrants to Purchase Series D-2 Preferred Stock	180,784	180,784	—	180,784
Stock options	2,885,417	3,249,702	—	2,763,365

The pro forma net income (loss) per share is computed using the weighted-average number of common shares outstanding and assumes the conversion of all outstanding shares of the Company's Series A-1, A-2, B, C, D, and D-2 convertible preferred stock into shares of common stock upon completion of the Company's planned IPO, as if they had converted at the beginning of the period. The Company believes the unaudited pro forma net income (loss) per share provides material information to investors, as the conversion of the Company's Series A-1, A-2, B, C, D, and D-2 convertible preferred stock to common stock is expected to occur upon the closing of an IPO, and the disclosure of pro forma net income (loss) per share thus provides an indication of net income (loss) per share that is comparable to what will be reported by the Company as a public company.

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	Year Ended December 31, 2012	Six Months Ended June 30, 2013 (unaudited)
Pro forma net income (loss) per common share		
Numerator:		
Net income (loss) used to compute pro forma net income (loss) per common share:		
Basic	$ 8,361,755	$ (3,659,837)
Diluted	$ 8,512,450	$ (3,587,884)
Denominator:		
Weighted-average number of common shares, used to calculate net income (loss) per common share:		
Basic	1,083,286	1,184,507
Diluted	4,517,833	1,184,507
Add: Pro forma adjustments to reflect assumed weighted-average effect of conversion of Series A convertible preferred stock	16,955,856	16,955,856
Weighted-average number of common shares used in calculating pro forma net income (loss) per common share:		
Basic	18,039,142	18,140,363
Diluted	21,473,689	18,140,363
Pro forma net income (loss) per common share:		
Basic	$ 0.38	$ (0.19)
Diluted	$ 0.38	$ (0.19)

Recently Issued Accounting Standards Adopted

In May 2011, the Financial Accounting Standards Board (FASB) issued ASU No. 2011-04, which amended ASC Topic 820 to achieve common fair value measurements and disclosure requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments in ASU No. 2011-05 result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This amendment is effective for fiscal years, beginning after December 15, 2011. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2012.

In June 2011, the FASB issued ASU No. 2011-05, which amended ASC Topic 220 regarding presentation of comprehensive income. The amendments in ASU No. 2011-05 require that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. This amendment is effective for fiscal years, beginning after December 15, 2011. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2012.

The Company has evaluated all ASUs through the date the consolidated financials were issued and believes that the adoption of these will not have a material impact on the Company's consolidated financial statements.

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3. Property and Equipment

Property and equipment consists of the following:

	December 31,		June 30,
	2011	2012	2013 (unaudited)
Computer equipment	$ 1,951,246	$ 2,003,706	$ 2,129,966
Software	1,323,081	1,323,081	1,323,081
Furniture	599,650	599,650	599,650
Lab equipment	7,910,207	8,747,790	9,485,756
Office equipment	51,360	51,360	51,360
Leasehold improvements	4,831,706	4,881,706	4,893,770
Property and equipment	16,667,250	17,607,293	18,483,583
Less accumulated depreciation and amortization	(13,379,567)	(14,339,497)	(14,857,261)
Property and equipment, net	$ 3,287,683	$ 3,267,796	$ 3,626,322

Depreciation and amortization expense for the years ended December 31, 2011 and 2012, was $1,147,300 and $959,930, respectively, and $486,952 and $517,764 for the six months ended June 30, 2012 and 2013, respectively.

4. Stockholders' Equity (Deficit)

During 2002 and 2003, the Company issued a total of 34,239,374 shares of Series A-1 and Series A-2 convertible preferred stock (Series A preferred stock) for $1.00 per share resulting in net proceeds of approximately $34,000,000.

On October 12, 2004, the Company entered into a series of transactions raising $30,261,672, net of related offering costs of approximately $238,000, from the sale of 71,401,237 shares of its Series B convertible preferred stock (Series B preferred stock). In connection with the Series B preferred stock offering, 13,604,016 shares of common stock were allocated to holders of Series A-1 preferred stock as an anti-dilution measure but remained unissued at December 31, 2012.

On May 16, 2006, the Company raised $44,898,754, net of related offering costs of $101,246, from the sale of 110,952,217 shares of its Series C convertible preferred stock (Series C preferred stock). In connection with the Series C preferred stock offering, 10,003,300 shares of common stock were allocated to holders of Series B preferred stock as an anti-dilution measure but remained unissued at December 31, 2012.

On July 16, 2008, the Company issued 12,466,039 shares of its Series D convertible preferred stock (Series D preferred stock) in exchange for all of the outstanding capital stock and convertible notes payable of Raven Biotechnologies, Inc. (Raven). Subsequently, in March 2011 a settlement was reached with the former Raven stockholders bringing the total Series D preferred stock issued in connection with the Raven acquisition to 14,446,227 shares.

On September 19, 2008, the Company raised $24,843,211, net of related offering costs of $156,788, from the sale of 38,337,678 shares of its Series D-2 convertible preferred stock (Series D-2 preferred stock). The Company also issued preferred stock warrants for the purchase of 2,875,327 shares of Series D-2 preferred stock.

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The preferred stock warrants are exercisable at any time prior to September 2018, but expire upon an IPO, and have a stated exercise price of $0.65 per warrant. On May 16, 2010, the Company exercised a put notice to Lilly in accordance with the Series D-2 preferred stock purchase agreement, resulting in the issuance of 6,916,110 shares of Series D-2 preferred stock and a warrant to purchase 518,708 additional shares of Series D-2 preferred stock.

On January 11, 2011, the Company raised gross proceeds for $12,016,500 from the sale of 18,427,388 shares of its Series D-2 preferred stock. Issuance costs associated with the sale were not material.

Due to certain provisions in the Series D-2 convertible preferred stock warrant agreement, these warrants are required to be classified as a liability. Management believes that the circumstances requiring cash settlement of the award are remote. The Series D-2 preferred stock warrant liability is recorded at fair value, which is adjusted at the end of each reporting period using the Option-Pricing Method, with changes in value recorded as “Changes in fair value of preferred stock purchase warrant liability” in the accompanying consolidated statements of operations.

Holders of the Series A-1, Series A-2, Series B, Series C, Series D and Series D-2 preferred stock are entitled to vote, together with the common stockholders as one class, on all matters as to which common stockholders are entitled to vote. In any such vote, each share of Series A, Series B, Series C and Series D preferred stock shall entitle the holder to the number of votes per share that equals the number of shares of common stock into which each such share of preferred stock is then convertible. For so long as at least four million shares of each of the Series A, Series B and Series C preferred stock remain outstanding, the holders of each of the Series A, Series B and Series C preferred stock, each voting as a separate class, shall each be entitled to elect two members of the Board of Directors of the Company. The holders of a majority of the common stock, voting as a separate class, shall have the right to elect one member of the Board of Directors of the Company. The holders of a majority of the common stock and the holders of at least 66 2/3% of the preferred stock, each voting separately as a single class (and on an as-if-converted basis to common stock with respect to the preferred stock), shall be entitled to elect all remaining members of the Board of Directors.

Dividends are noncumulative and accrue on the Series A-1, Series A-2, Series B, Series C, Series D and Series D-2 preferred stock at a rate of $0.08, $0.0341, $0.0324 and $0.0522 per annum, respectively, and are payable when and as declared by the Board of Directors. Dividends must be declared so that the Series A, Series B, Series C and Series D preferred stock are paid in like-kind and participate equally to those of the Series D-2 preferred and common stock. No dividends have been declared and none are accrued at December 31, 2012 and 2011.

The Company’s Series A-1, Series A-2, Series B, Series C, Series D and Series D-2 preferred stock are initially convertible into 1.506, 1.00, 1.14, 1.00, 1.00 and 1.00 shares, respectively, of common stock at the option of the holder. The conversion ratio of certain series of preferred stock is subject to change in the event specified dilutive transactions occur. These dilutive events are considered to be the sale of common stock at a per share price less than the applicable preferred stock conversion price. There are no anti-dilution protections for the Series A-2 preferred stock and no adjustment to the Series A-1 preferred stock conversion price is made if a common stock issuance is at a price per share greater than the conversion price of the Series C preferred stock. The conversion price shall be $12.39, $18.77, $6.95, $7.70, $12.20 and $12.20 for each share of Series A-1, A-2, Series B, Series C, Series D and Series D-2 convertible preferred stock, respectively. The Company has reserved 17,129,782 shares of common stock for the potential conversion of the Series A-1, Series A-2, Series B, Series C, Series D and Series D-2 preferred stock.

Each share of Series A-1, Series A-2, Series B, Series C, Series D and Series D-2 preferred stock automatically converts into shares of the Company’s common stock upon closing of a firm commitment

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underwritten public offering of common stock registered under the Securities Act of 1933 which generates net proceeds to the Company of at least $40 million. The holders of two-thirds of the Series A-1, Series A-2, Series B, Series C, Series D and Series D-2 preferred stock, voting together as a single class, but separately from the common stockholders, shall have the right to elect to convert all outstanding shares of Series A-1, Series A-2, Series B, Series C, Series D and Series D-2 preferred stock into shares of common stock.

In liquidation, the holders of Series D-2 preferred stock are entitled to receive $12.20 per share prior to any distribution to the holders of any Series C and Series D preferred stock. The holders of Series C and Series D preferred stock are entitled to receive $7.70 and $12.20 per share, respectively, on a *pari passu* basis, prior to any distribution to the holders of any Series B preferred stock. The holders of Series B preferred stock are entitled to receive $6.95 per share prior to any distribution to the holders of any shares of Series A preferred stock. The holders of Series A preferred stock are entitled to receive $12.39 per share prior to the holders of common stock.

5. Shared-Based Payments

Stock Option Plan

The Company's 2000 Stock Option and Incentive Plan (the 2000 Plan) allowed for the grant of awards in respect of an aggregate of 130,725 shares, which was increased to 150,297 shares of the Company's common stock in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock and restricted stock units and other performance awards.

Effective February 2003, the Company implemented the 2003 Equity Incentive Plan (the 2003 Plan), and it was amended and approved by the Company's stockholders in 2005. The 2003 Plan originally allowed for the grant of awards in respect of an aggregate of 2,051,644 shares of the Company's common stock. During the year ended December 31, 2006, the maximum number of shares of common stock authorized to be issued by the Company under the 2003 Plan was increased by 460,746 shares to 2,512,390. During the year ended December 31, 2008, the maximum number of shares of common stock authorized to be issued by the Company under the 2003 Plan was increased by 745,716 shares to 3,258,106. During the year ended December 31, 2010, the maximum number of shares of common stock authorized to be issued by the Company under the 2003 Plan was increased by 532,654 shares to 3,790,760. During the year ended December 31, 2012, the maximum number of shares of common stock authorized to be issued by the Company under the 2003 Plan was increased by 545,970 shares to 4,336,731. As of December 31, 2012, a total of 661,404 shares were available for issuance under the 2003 Plan.

Stock options granted under the 2003 Plan may be either incentive stock options as defined by the Internal Revenue Code (IRC), or non-qualified stock options.

Stock Option Exchange

On March 16, 2011 (Exchange Date), the Company modified certain outstanding options with exercise prices of $1.88 and $4.69 (Original Options). These Original Options were canceled and replaced with options having an exercise price of $0.94 (Replacement Options), reflecting the current fair market value of the Company's common stock on the Exchange Date. Original Options submitted for exchange were replaced on a one-for-one basis with Replacement Options. Additionally, the Replacement Options retain all terms and conditions of the Original Options except for the reduction to the exercise price as described above.

Total compensation associated with the Replacement Options consisted of the grant-date fair value of the Original Options for which the requisite service period is expected to be rendered (or has already been

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rendered) at the Exchange Date, plus the incremental cost associated with the modification of terms. The incremental compensation expense was measured as the excess of the fair value of the Replacement Options over the fair value of the Original Options re-measured as of the Exchange Date. A total of 1,921,894 Original Options were exchanged for Replacement Options.

The following stock-based compensation amounts were recognized for the years ended December 31, 2011 and 2012 and the six month periods ended June 30, 2012 and 2013:

	December 31,		June 30,	
	2011	2012	2012	2013
			(unaudited)	
Research and development	$ 1,018,935	$ 471,809	$ 235,904	$ 172,393
General and administrative	1,328,504	366,586	183,294	85,232
Total stock-based compensation expense	$ 2,347,439	$ 838,395	$ 419,198	$ 257,625

Employee Stock Options

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model using the assumptions in the following table:

	December 31,		June 30, 2013
	2011	2012	(unaudited)
Expected dividend yield	— %	— %	— %
Expected volatility	62%	51%	58%
Risk-free interest rate	1.35%	1.18%	1.76%
Expected average life of options	7 years	7 years	7 years
Fair market value of common stock at:	$ 0.94	$ 1.50	$ 2.63
Expected Forfeiture Rate	5.58%	5.57%	5.06%

Fair Value of Common Stock – Given the lack of an active public market for the Company's common stock, the Company's Board of Directors determined the fair value of the common stock. The Board of Directors made determinations of fair value based, in part, upon contemporaneous valuations to determine fair value. In the absence of a public market, and as a clinical-stage company with no significant revenues, the Company believes that it is appropriate to consider a range of factors to determine the fair market value of the common stock at each grant date. The factors include: (1) the achievement of clinical and operational milestones by the Company; (2) the status of strategic relationships with collaborators; (3) the significant risks associated with the Company's stage of development; (4) capital market conditions for life science companies, particularly similarly situated, privately held, early-stage life science companies; (5) the Company's available cash, financial condition and results of operations; (6) the most recent sales of the Company's preferred stock and (7) the preferential rights of the outstanding preferred stock. The contemporaneous valuations were performed in accordance with applicable methodologies, approaches and assumptions of the technical practice-aid issued by the American Institute of Certified Public Accountants Practice Aid entitled *Valuation of Privately-Held Company Equity Securities Issued as Compensation*.

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Expected Volatility – Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company does not maintain an internal market for its shares and its shares are not traded publicly. The Company has been able to identify several public entities of similar size, complexity and stage of development; accordingly, historical volatility has been calculated using the volatility of these companies.

Expected Dividend Yield – The Company has never declared or paid dividends and has no plans to do so in the foreseeable future.

Risk-Free Interest Rate – This is the U.S. Treasury rate for the week of each option grant during the year, having a term that most closely resembles the expected life of the option.

Expected Term – This is the period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of ten years. The Company estimates the expected life of the option term to be seven years. The Company uses a simplified method to calculate the average expected term.

Expected Forfeiture Rate – The forfeiture rate is the estimated percentage of options granted that is expected to be forfeited or canceled on an annual basis before becoming fully vested. The Company estimates the forfeiture rate based on turnover data with further consideration given to the class of the employees to whom the options were granted.

Equity instruments issued to non-employees are accounted for under the provisions of ASC 505-50, *Equity Based Payments to Non-Employees*. Accordingly, the estimated fair value of the equity instrument is recorded on the earlier of the performance commitment date or the date the services required are completed.

Information with respect to stock options granted to employees and non-employees from January 1, 2012 through June 30, 2013 was as follows:

Grant Date	Number of Options Granted	Exercise Price	Estimated Option Fair Value	Intrinsic Value
01/08/2012	112,881	$ 0.94	$ 0.56	$ —
03/14/2012	313,094	$ 0.94	$ 0.56	$ —
06/13/2012	4,314	$ 0.94	$ 0.56	$ —
09/19/2012	8,011	$ 0.94	$ 0.56	$ —
11/08/2012	15,713	$ 0.94	$ 0.56	$ —
01/06/2013	337,282	$ 1.50	$ 0.94	$ —
03/08/2013	14,008	$ 1.50	$ 0.94	$ —
06/19/2013	59,497	$ 2.63	$ 1.88	$ —

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The following table summarizes stock option activity under the Plan during the period then ended:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Contractual Term (in Years)
Outstanding, December 31, 2011	2,885,417	$ 0.94	7.4
Granted	454,014	0.94	6.7
Exercised	(49,883)	0.94	
Forfeited or expired	(39,846)	0.94	
Outstanding, December 31, 2012	3,249,702	0.94	7.3
Granted	410,788	1.67	6.8
Exercised	(863,176)	0.82	
Forfeited or expired	(33,949)	1.08	
Outstanding, June 30, 2013 (unaudited)	2,763,365	1.02	7.2
December 31, 2012:			
Exercisable	2,620,100	0.94	
Vested and expected to vest	2,734,949	0.94	
June 30, 2013:			
Exercisable (unaudited)	1,914,760	0.90	
Vested and Expected to Vest (unaudited)	2,684,935	1.01	

The aggregate intrinsic value of options outstanding and exercisable as of June 30, 2013 is approximately $4,452,108 and $3,311,864, respectively.

The weighted-average grant-date fair value of options granted for the years ended December 31, 2012 and 2011 was $0.94. Total cash received for the options exercised was $46,826 and $53,225 for the years ended December 31, 2012 and 2011, respectively. The total fair value of shares vested in the years ended December 31, 2012 and 2011, was $374,684 and $400,236, respectively. As of December 31, 2012, there was $636,308 of total unrecognized compensation cost related to non-vested stock-based compensation arrangements granted under the 2000 Plan and 2003 Plan. That cost is expected to be recognized over a weighted-average period of approximately four years. As of June 30, 2013, the total unrecognized compensation expense, net of related forfeiture estimates, was $755,108, which the Company expects to recognize over a weighted-average period of approximately four years.

6. Income Taxes

For the years ended December 31, 2011 and 2012, there was no current provision for federal or state income taxes due to the taxable losses which resulted or use of legacy net operating loss carryforwards.

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The significant components of the Company's deferred tax assets (liabilities) were as follows:

	December 31,	
	2011	2012
Deferred income tax assets:		
Federal U.S. net operating loss carryforward	$ 37,825,639	$ 35,330,167
State net operating loss carryforward	4,493,151	3,521,722
Research and development credit, net	2,777,899	2,777,899
Orphan drug credit, net	11,507,811	19,039,613
Deferred rent	5,194,408	5,218,002
Deferred revenue	12,924,462	9,379,064
Depreciation	1,515,510	1,247,772
Other	1,551,356	1,575,782
Gross deferred income tax assets	77,790,236	78,090,021
Valuation allowance	(77,302,928)	(78,090,021)
Net deferred income tax assets	487,308	—
Deferred tax liabilities:		
Other	(487,308)	—
Gross deferred income tax liabilities	(487,308)	—
Net deferred income tax asset/(liability)	$ —	$ —

The Company recognizes valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers (i) future reversals of existing taxable temporary differences; (ii) future taxable income exclusive of reversing temporary difference and carryforwards; (iii) taxable income in prior carryback years if carryback is permitted under applicable tax law; and (iv) tax planning strategies. The Company's net deferred income tax asset is not more likely than not to be utilized due to the lack of sufficient sources of future taxable income and cumulative book losses which have resulted over the years. The net increase in the valuation allowance in 2012 is due to the fact the Company generated book and taxable income in the current year; therefore, the net deferred tax asset amount decreased, although, the Company generated significant orphan drug credits which increased the net deferred tax asset. The increase in the orphan drug credits offset by the current year income amount resulted in a net current year increase to the valuation allowance.

The Company has reported book losses from inception through December 31, 2010. The net operating loss carryforwards of approximately $100.9 million for U.S. federal and approximately $64.2 million for state will expire in various years beginning in 2023 through 2030. In addition, the Company has U.S. federal tax credits of $21.8 million which will expire in various years beginning in 2020 through 2032. During the six months ended June 30, 2013, the Company corrected an immaterial error of approximately $1.2 million related to state net operating loss carryforwards. The correction of the immaterial error resulted in a reduction to the state net operating loss carryforward deferred tax asset and corresponding valuation allowance. The immaterial error and the related correction of the error had no effect on the balance sheet, statements of operations and comprehensive income (loss) or statements of cash flows.

The use of the Company's net operating loss and tax credit carryforwards in future years are restricted due to changes in the Company's ownership and tax attributes acquired by the Company in a purchase. As of December 31, 2012, $10.6 million of the Company's net operating losses are limited for use over the years 2013 – 2027 in which a range of such amounts could be utilized on an annual basis of $0.2 million to $2.1 million. The remaining $90.3 million of net operating losses is not limited and can be offset against future taxable income. Additionally, despite the net operating loss and credit carryforwards, the Company may have a future tax liability due to an alternative minimum tax or state tax requirements.

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The reconciliation of the reported estimated income tax benefit to the amount that would result by applying the U.S. federal statutory tax rate to the net income is as follows:

	Year Ended December 31,	
	2011	2012
United States federal tax at statutory rate	$ 2,350,992	$ 2,926,615
State taxes (net of federal benefit)	1,480,185	1,460,289
Deferred income tax adjustments	—	(512,375)
Orphan drug credit, net	(7,056,607)	(4,895,671)
Equity based compensation	725,811	279,165
Fair value adjustment of preferred stock warrant liability	(496,208)	(52,743)
Other permanent items	4,696	7,627
Change in valuation allowance	2,991,131	787,093
Income tax expense/(benefit)	$ —	$ —

The change in unrecognized tax benefits, for the years ended December 31, 2011 and 2012, were as follows:

	2011	2012
Beginning balance	$ 1,246,025	$ 1,533,986
Increases/(decreases) for current year tax positions	287,961	58,371
Increases/(decreases) for prior year tax positions	—	—
Decreases as a result of expiration of statute of limitations	—	—
Total	$ 1,533,986	$ 1,592,357

As of December 31, 2011 and 2012, of the total gross unrecognized tax benefits, approximately $1,105,256 and $1,140,067 would favorably impact the Company's effective income tax rate, respectively. Although, due to the Company's determination that the deferred income tax asset would not more likely than not be realized, a valuation allowance would be recorded, therefore, zero net impact would result within the Company's effective income tax rate. The Company's uncertain income tax position liability has been recorded to deferred income taxes to offset the tax attribute carryforward amounts.

For the years ended December 31, 2012 and 2011, the Company has not recognized any interest or penalties related to the uncertain income tax positions due to the fact such position is related to tax attribute carryforwards which have not yet been utilized. The Company does not expect its unrecognized income tax position to significantly decrease within the next twelve months.

The Company's U.S. Federal and state income tax returns from 2001 to 2011 remain subject to examination by the tax authorities. The Company's 2001 through 2007 years remain open for examination, even though the statute of limitations has expired, due to the net operating losses and credits carried forward for use in prospective years.

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7. Lease Exit Liability

On July 16, 2008, the Company acquired Raven Biotechnologies, Inc. (Raven), a private South San Francisco-based company focused on the development of monoclonal antibody therapeutics for treating cancer. Raven was considered a development-stage enterprise as defined in ASC 915, *Development Stage Entities*. In connection with the acquisition, the Company issued 12,466,039 shares of its Series D convertible preferred stock in exchange for all of the outstanding capital stock and convertible notes payable of Raven.

The Company undertook restructuring activities related to the acquisition of Raven. These restructuring activities included reductions in staffing levels and the intended exit of leased facilities. All severance-related payments were completed in the year ended December 31, 2009.

In connection with these restructuring activities, as part of the cost of acquisitions, the Company established a restructuring liability attributed to an existing operating lease. The terms of the operating lease extend through 2018.

Changes in the lease exit liability for the years ended December 31, 2012 and 2011 and the six months ended June 30, 2013 are as follows:

	Exit Liability
Accrual balance at December 31, 2010	$ 11,054,518
Principal payments	(447,019)
Accrual balance at December 31, 2011	10,607,499
Principal payments	(533,560)
Accrual balance at December 31, 2012	$ 10,073,939
Principal payments (unaudited)	(307,403)
Accrual balance at June 30, 2013 (unaudited)	$ 9,766,536

Future principal payments to be made under the lease agreement for the next five years and thereafter as of December 31, 2012 are as follows:

2013	$ 628,768
2014	1,438,742
2015	1,641,905
2016	1,866,031
2017	2,113,118
Thereafter	2,385,375
	$ 10,073,939

The purchase agreement provides for a specified total of certain contingent milestones that are based on the achievement of certain product sales derived from the acquired Raven technology. Also, a onetime payment of $5.0 million will be made to the Raven stockholders upon the initiation of patient dosing in the first Phase 2 clinical trial of any product derived from the Raven “Cancer Stem Cell Program.” No payment shall be made if the Phase 2 trial start date has not occurred on or before July 15, 2018. Other consideration includes a percentage of revenue (excluding consideration for research and development and equity) received by MacroGenics for license of a product derived from the Raven “Cancer Stem Cell Program” and a onetime payment ranging from

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$8.0 million to $12.0 million dependent upon a specified level of sales of products derived from the Raven "Cancer Stem Cell Program."

The contingent consideration will be accounted for as additional purchase price and recorded as incremental in-process research and development expense when it is deemed probable that the contingencies will be attained. For the years ended December 31, 2012 and 2011, no additional amounts have been recorded.

8. Collaboration and License Agreements

Les Laboratoires Servier

In November 2011, the Company entered into a right-to-develop collaboration agreement with Servier for the development and commercialization of MGA271 in all countries other than the United States, Canada, Mexico, Japan, South Korea and India.

Upon execution of the agreement, Servier made a nonrefundable payment of $20 million to the Company. The Company is eligible to receive up to $30 million in license grant fees, $47 million in clinical milestone payments, including $10 million received in the third quarter of 2013, $140 million in regulatory milestone payments and $208 million in sales milestone payments if Servier exercises the option, obtains regulatory approval for and successfully commercializes MGA271. The Company concluded that the license grant fees are not deliverables at the inception of the arrangement. The Company has determined that each potential future clinical, development and regulatory milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. In the event Servier exercises its option to continue development of MGA271, Servier must pay a license grant fee. Under this agreement, Servier would be obligated to pay the Company from low double digit to mid-teen royalties on product sales in its territories.

The Company has evaluated the research collaboration agreement with Servier and has determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company concluded that the option is substantive and that the license fees for this option is not a deliverable at the inception of the arrangement as there is considerable uncertainty that the option would be exercised and the additional fee to be paid upon exercise of the option represents its estimated selling price (i.e. no substantial discount was given). The Company's substantive performance obligations under this research collaboration include an exclusivity clause to its technology, technical, scientific and intellectual property support to the research plan during the first year of the agreement and participation on an executive committee and a research and development committee. The Company determined that these performance obligations represent a single unit of accounting, since the license does not have stand-alone value to Servier without the Company's technical expertise and committee participation. As such, the initial upfront payment was deferred and is being recognized ratably over the initial 27-month period, which represents the expected period of development and the Company's participation on the research and development committee. The Company further concluded that each potential future clinical, development and regulatory milestone is substantive.

During the years ended December 31, 2011 and 2012 and the six months ended June 30, 2013, the Company recognized revenue of $0.9 million, $9.1 million and $6.6 million, respectively, under this agreement. No additional milestones have been recognized under this agreement through June 30, 2013.

At December 31, 2012, $10.0 million of revenue was deferred under this agreement, $9.1 million of which was included in current liabilities and $0.9 million was included in long-term liabilities. At June 30, 2013, $5.4 million of revenue was deferred under this agreement, all of which was included in current liabilities during the quarter ended June 30, 2013.

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In September 2012, the Company entered into a second right-to-develop collaboration agreement with Servier and granted it options to obtain three separate exclusive licenses to develop and commercialize DART-based molecules, consisting of those designated by the Company as MGD006 and MGD007, as well as a third DART molecule, in all countries other than the United States, Canada, Mexico, Japan, South Korea and India.

Upon execution of the agreement, Servier made a nonrefundable payment of $20 million to the Company. In addition, the Company will be eligible to receive up to $65 million in license grant fees, $98 million in clinical milestone payments, including $5 million upon IND acceptance for each of MGD006, MGD007 and a third DART molecule, $300 million in regulatory milestone payments and $630 million in sales milestone payments if Servier exercises all of the options and successfully develops, obtains regulatory approval for, and commercializes a product under each license. In addition to these milestones, the Company and Servier will share Phase 2 and Phase 3 development costs. The Company has determined that each potential future clinical, development and regulatory milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. Under this agreement, Servier would be obligated to pay the Company between high-single digit and mid-teen royalties on net product sales in its territories.

The Company has evaluated the research collaboration agreement with Servier and has determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company concluded that each option is substantive and that the license fees for each option are not deliverables at the inception of the arrangement and were not issued with a substantial discount. The Company's substantive performance obligations under this research collaboration include an exclusivity clause to its technology, technical, scientific and intellectual property support to the research plan during the first year of the agreement and participation on an executive committee and a research and development committee. The Company determined that the performance obligations with respect to the pre-clinical development represent a single unit of accounting, since the license does not have stand-alone value to Servier without the Company's technical expertise and committee participation. As such, the initial up front license payment was deferred and is being recognized ratably over the initial 29-month period, which represents the expected development period. The Company further concluded that each potential future clinical, development and regulatory milestone is substantive.

During the year ended December 31, 2012 and the six months ended June 30, 2013, the Company recognized revenue of $2.0 million and $4.3 million, respectively, under this agreement. No additional milestones have been recognized under this agreement through June 30, 2013.

At December 31, 2012, $18.0 million of revenue was deferred under this agreement, $8.6 million of which was included in current liabilities and $9.4 million of which was included in long-term liabilities. At June 30, 2013, $13.7 million of revenue was deferred under this agreement, $8.6 million of which was included in current liabilities and $5.1 million of which was included in long-term liabilities.

Gilead Sciences, Inc.

In January 2013, the Company entered into an agreement with Gilead to grant it an exclusive worldwide license to research, develop and commercialize up to four DART-based molecules. Gilead has exclusive worldwide rights for three of the programs. For one program, the Company retains development and commercialization rights outside of North America, the European Union, Norway, Iceland, Turkey, Australia and New Zealand.

The Company received an initial $7.5 million license grant fee for the first DART-based molecule. The Company may be eligible to receive additional license grant fees of $22.5 million, $200 million related to pre-clinical and clinical milestones, $355 million related to regulatory milestones and $500 million related to sales

milestones if Gilead exercises all four of the options and successfully develops, obtains regulatory approval for, and commercializes a product under each option and license. The Company has determined that the other licenses are conditional deliverables, which are substantive options that were not granted with a substantial discount. The Company has determined that each potential future clinical, development and regulatory milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. Gilead also provides funding for the Company's internal and external research costs under the agreement. Additionally, Gilead would be obligated to pay the Company high single digit to low double digit, but less than teen royalties on product sales in its territories.

The Company has evaluated the research collaboration agreement with Gilead and has determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company's substantive performance obligations under this research collaboration include a license to its technology and research and development services. The Company concluded that the deliverables do not have stand alone value and therefore, represent a combined single unit of accounting. Due to the lack of standalone value for the license and research and development services, the combined unit of accounting (the upfront payment and the expected research and development reimbursements) is being recognized ratably over a period of 21 months, which represents the expected development period.

The Company and Gilead have also agreed to establish a joint research committee to facilitate the governance and oversight of the parties' activities under the agreements. Management considered whether participation on the joint committee may be a deliverable and determined that it was not a deliverable. Had management considered participation on the joint committee as a deliverable, it would not have had a material impact on the accounting for the arrangement.

Receivables of $1,015,466 as of June 30, 2013 relate amounts due to the Company from Gilead for reimbursement work performed under the collaboration.

The Company recognized revenues of approximately $3.7 million under this agreement for the six months ended June 30, 2013. No additional milestones have been reached under this agreement.

At June 30, 2013, $5.4 million of revenue was deferred under this agreement of which $4.3 million was included in current liabilities and $1.1 million was included in non-current liabilities.

Boehringer Ingelheim International GmbH

In October 2010 the Company entered into a collaboration and license agreement with Boehringer to discover, develop and commercialize up to ten DART-based molecules which span multiple therapeutic areas. Under the terms of the agreement, the Company granted Boehringer an exclusive, worldwide, royalty-bearing, license under its intellectual property to research, develop, and market DARTs generated under the agreement, or the Boehringer licensed products, throughout the world.

Upon execution of the agreement, the Company received an upfront payment of $15 million. The Company subsequently received two annual maintenance payments and anticipates receiving a third annual maintenance payment in the fourth quarter of 2013. The first two maintenance payments were solely attributed to the passage time. Because Boehringer has the option to cancel the program after the second anniversary of the agreement, the third maintenance payment will be recognized over the remaining obligation period once received. The Company has the potential to earn milestone payments of approximately $41 million related to pre-clinical and clinical development, $89 million related to regulatory milestones and $83 million related to sales milestones for each of the DART programs under this agreement in the case of full commercial success of

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

multiple DART products. The Company has determined that each potential future clinical, development and regulatory milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. Boehringer also provides funding for the Company's internal and external research costs and is required to pay the Company mid-single digit royalties on product sales. From the commencement of the collaboration through June 30, 2013, the Company has received $37.9 million under this agreement, including upfront, annual maintenance and milestone payments as well as research funding. In addition, Boehringer purchased $10 million of the Company's Series D-2 Preferred Stock in January 2011.

The Company determined that the deliverables under the Boehringer agreement include the license, the research and development services to be performed by the Company, and the co-promotion/manufacturing services. The Company concluded that the co-promotional activities were optional and were subject to further negotiation upon reaching regulatory approval. As such, the co-promotional period is not included in the expected obligation period to perform services.

The Company concluded that the undelivered element of research and development services had fair value. The Company concluded that the license does not have value on a standalone basis (e.g. absent the provision of the research and development services) and therefore does not represent a separate unit of accounting. The Company concluded that because the drug candidate has not yet been developed, the license is of no value to Boehringer without the ensuing research and development activities using the DART technology, which is proprietary to the Company. Likewise, Boehringer could not sell the license to another party (without the Company agreeing to provide the research and development activities for the other party).

Therefore, the upfront license fee and research and development services were treated as a combined unit of account and recognized over the expected obligation period associated with the research and development services through September 2015, which represents the estimated period of development.

The Company and Boehringer have also agreed to establish a joint research committee to facilitate the governance and oversight of the parties' activities under the agreements. Management considered whether participation on the joint committee may be a deliverable and determined that it was not a deliverable. However, had management considered participation on the joint committee as a deliverable, it would not have had a material impact on the accounting for the arrangement as the period of participation in this committee matched the organization period for the research and development services.

There have been no material modifications to this agreement since the adoption of ASU 2009-13 on January 1, 2011.

Receivables of $112,293, $355,568 and $146,150 as of June 30, 2013, December 31, 2012, and December 31, 2011, respectively, relate to amounts due to the Company from Boehringer for reimbursement work performed under the collaboration.

The Company recognized revenues of approximately $4.5 million, $11.7 million, and $8.9 million under this agreement during the six months ended June 30, 2013 and the years ended December 31, 2012 and 2011, respectively. One milestone payment of $2.0 million was recognized under this agreement through December 2012. No additional milestones have been recognized under this agreement through June 30, 2013.

At December 31, 2012, $14.0 million of revenue was deferred under this agreement, $5.0 million of which was included in current liabilities and $9.0 million was included in long-term liabilities. At June 30, 2013, $11.5 million of revenue was deferred under this agreement, $5.0 million of which was included in current liabilities and $6.5 million of which was included in long-term liabilities.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Pfizer, Inc.

In October 2010, the Company entered into a three year agreement with Pfizer to discover, develop and commercialize up to two DART-based molecules. The Company granted Pfizer a non-exclusive worldwide, royalty-bearing license and received an upfront payment of $5 million and has received milestone payments and funding for the Company's internal and external research costs under the agreement.

The Company is eligible to receive milestone payments of approximately $17 million related to pre-clinical and clinical development and $195 million related to commercialization and sales milestones for each DART program under this agreement. The Company has determined that each potential future technical and development milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. Pfizer is responsible for all pre-clinical and clinical development costs for the program. In addition, Pfizer is required to pay the Company mid-single digit to low-teen royalties on product sales. Under this collaboration, one DART program is currently being pursued and the Company will complete its research obligations under this program in October 2013.

The Company has evaluated the research collaboration agreement with Pfizer and has determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company's substantive performance obligations under this research collaboration include an exclusive license to its technology, research and development services and manufacturing services. The Company concluded that the manufacturing services were optional and were subject to further negotiation upon reaching regulatory approval. As such, the manufacturing services are not included in the expected obligation period to perform services.

The Company determined that it had fair value of the undelivered element of the research and development services. However, the Company concluded that the license does not have value on a standalone basis (e.g. absent the provision of the research and development services) and therefore does not represent a separate unit of accounting. Facts that were considered included the development of the candidate noting that because the drug candidate has not yet been developed, the license is of no value to Pfizer without the ensuing research and development activities using the DART technology, which is proprietary to the Company. Likewise, Pfizer could not sell the license to another party (without the Company agreeing to provide the research and development activities for the other party).

Therefore, the upfront license fee and research and development services were treated as a combined unit of accounting and recognized over the expected obligation period associated with the research and development services through October 2013, which represents the estimated period of development.

The $5 million upfront payment received by the Company is non-refundable; therefore, there is no right of return for the license. The Company is recognizing revenue associated with this non-refundable up-front license fee through October 2013.

The Company and Pfizer have also agreed to establish a joint research committee to facilitate the governance and oversight of the parties' activities under the agreements. Management considered whether participation on the joint committee may be a deliverable and determined that it was not a deliverable because it is a participating right and not an obligation of the Company. However, had management considered participation on the joint committee as a deliverable, it would not have had a material impact on the accounting for the arrangement.

There have been no material modifications to this agreement since the adoption of ASU 2009-13 on January 1, 2011.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Receivables of $564,032, $896,285, and $936,010 as of June 30, 2013, December 31, 2012, and December 31, 2011, respectively, relate to amounts due to the Company from Pfizer for reimbursement work performed under the collaboration.

The Company recognized revenues of approximately $2.2 million, $5.5 million, and $5.2 million under this agreement during the six month period ended June 30, 2013 and the years ended December 31, 2012 and 2011, respectively. Included in the 2012 revenues are milestone payments totaling $500,000. No additional milestones have been recognized under this agreement through June 30, 2013.

At June 30, 2013 and December 31, 2012, $0.5 million and $1.3 million of revenue was deferred under this agreement all of which was included in current liabilities.

Green Cross Corporation

In June 2010, the Company entered into a collaboration agreement with Green Cross for the development of the Company's anti-HER2 antibody known as MGAH22, or margetuximab. This arrangement grants Green Cross an exclusive license to conduct specified Phase 1 and Phase 2 clinical trials and commercialize margetuximab in South Korea.

Upon execution of the agreement, Green Cross made a nonrefundable payment of $1.0 million to the Company. The Company is eligible to receive clinical development and commercial milestone payments of up to $4.5 million. The Company has determined that each potential clinical development and commercial milestone is substantive. The Company is also entitled to receive royalties on net sales of margetuximab in South Korea. The Company and Green Cross have formed a joint steering committee to coordinate and oversee activities on which the two companies collaborate under the agreement.

The Company has evaluated the collaboration agreement with Green Cross and has determined that it is a revenue arrangement with multiple deliverables or performance obligations. The Company's substantive performance obligations under this agreement include an exclusive license to its technologies and participation in a joint steering committee. The Company concluded that the license does not have value on a standalone basis and therefore does not represent a separate unit of accounting. Likewise, Green Cross could not sell the license to another party.

The $1 million upfront payment received by the Company is non-refundable; as such, there is no right of return for the license. Therefore, the upfront license fee and participation on the joint steering committee were treated as a combined unit of accounting and will be recognized over the term of the agreement through June 2020.

There have been no material modifications to this agreement since the adoption of ASU 2009-13 on January 1, 2011.

The Company recognized revenues of approximately $100,000 under this agreement during each of the years ended December 31, 2012 and 2011, and $50,000 during the six months ended June 30, 2013. No additional milestones have been recognized under this agreement through June 30, 2013.

At December 31, 2012, $750,000 of revenue was deferred under this agreement, $100,000 of which was included in current liabilities and $650,000 was included in long-term liabilities. At June 30, 2013, $700,000 of revenue was deferred under this agreement, $100,000 of which was included in current liabilities and $600,000 was included in long-term liabilities.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Eli Lilly & Co.

In October 2007, the Company entered into an exclusive license and collaboration agreement (together, the Agreements) with Eli Lilly to jointly develop and commercialize teplizumab, a humanized anti-CD3 monoclonal antibody. As part of the Agreements, Eli Lilly acquired the exclusive rights to the molecule.

Upon execution of the Agreements, Eli Lilly made a nonrefundable payment of $41.0 million to the Company. In May 2008, Eli Lilly paid the Company a milestone payment of $50.0 million and in May 2010, Eli Lilly paid an additional milestone of $5.0 million.

On October 28, 2010, Lilly notified the Company of its decision to terminate the agreement after review of one year of clinical data from the PROTÉGÉ trial in Type 1 diabetes patients treated with teplizumab. Such data failed to support the primary efficacy end point in the study. During the year ended December 31, 2012, Eli Lilly satisfied its obligation related to the cost of monitoring patients under the PROTÉGÉ and ENCORE trials. The Company's obligations continued through September 2012, which represented the follow up period for enrolled patients and the Company's final reporting of the trial's results. There is no additional clinical trial activity under the Eli Lilly Agreements as it relates to such trials. In February 2011, the Company reacquired the commercial rights to the molecule from Eli Lilly.

Receivables of $122,592, $558,516 and $351,357 as of June 30, 2013, December 31, 2012, and, and December 31 2011, respectively, relate to amounts due to the Company from Eli Lilly for reimbursement work performed under the above mentioned clinical trials.

During the six months ended June 30, 2013 and the years ended December 31, 2012 and 2011, the Company recognized revenue of $0.5 million, $31.2 million and $30.9 million, respectively, under this agreement. No additional milestones were recognized under this agreement through June 30, 2013.

9. Commitments and Contingencies

Operating Leases

The Company leases office and laboratory space over periods extending through January 30, 2018. Several of the leases contain rent escalation clauses. Rent expense for the years ended December 31, 2012 and 2011, was $3,133,850 and $3,190,413, respectively. The Company incurred $1,582,132 and $1,566,923 of rent expense for the six-month periods ending June 30, 2013 and 2012, respectively.

Future minimum lease payments under noncancelable operating leases at December 31, 2012, are as follows:

	Operating Leases
Year ending December 31:	
2013	$ 2,797,540
2014	3,557,749
2015	3,214,401
2016	3,310,833
2017	3,410,159
Thereafter	2,754,106
	$ 19,044,788

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Product Milestone Payments and Royalty Agreements

In connection with an Asset Purchase Agreement with Tolerance Therapeutics, Inc. (Tolerance) entered into during June 2005, the Company may be required to issue Tolerance additional consideration as follows: (i) $10,950,000 if certain milestones are met, including the initiation of Phase 3 trials and filing of various regulatory product license applications; (ii) 36,135 shares of common stock; and (iii) royalty payments between 1.75% and 4.0% of net sales of products acquired from or patented by Tolerance or other product fees earned by the Company. Any additional consideration required to be paid under the Asset Purchase Agreement will be recorded as research and development expense when incurred. No payments related to the additional considerations have occurred during the years ended December 31, 2012 and 2011 or during and the quarter ended March 31, 2013. Additionally, certain agreements require the Company to pay royalties. Currently, the Company is not obligated to pay royalties, as no other revenue from product sales is being generated by the Company.

11. Employee Benefit Plan

On September 25, 2002, the Company established the MacroGenics 401(k) Plan (the 401(k) Plan) for its employees under Section 401(k) of the IRC. Under this 401(k) Plan, all employees at least 21 years of age are eligible to participate in the 401(k) Plan, starting on the first day of each month. Employees may contribute up to 100% of their salary, subject to government maximums.

Employees are 100% vested in their contributions to the Plan. The Company's contribution to the Plan, as determined by the Board of Directors, is discretionary. The Company's contributions to the Plan totaled $225,195, $217,097 and $139,187 for the years ended December 31, 2012 and 2011 and the six months ended June 30, 2013, respectively.

12. Subsequent Events

Subsequent to June 30, 2013, the Company issued 278,097 options to purchase shares of its common stock to employees.

On August 30, 2013, the Company received a $10 million milestone payment from Servier related to dosing the first patient in the expansion cohort of the Company's Phase 1 clinical trial of MGA271.

In connection with preparing for this offering, the Company's Board of Directors and stockholders approved a 1-for-18.7739 reverse stock split of the Company's Common Stock. The reverse stock split became effective on September 26, 2013. All share and per share amounts in the consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to this reverse stock split, including reclassifying an amount equal to the reduction in par value of common stock to additional paid-in capital. In addition, in September 2013, the Company's Board of Directors and stockholders approved an amendment of the Company's certificate of incorporation to, among other things, change the definition of a designated public offering to remove the per share price requirement.

Through and including , 2013 (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 the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

4,000,000 Shares

Common Stock

PROSPECTUS

BofA Merrill Lynch

Leerink Swann

Stifel

Lazard Capital Markets

Wedbush PacGrow Life Sciences

, 2013

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable in connection with the sale and distribution of the securities being registered. All amounts are estimated except the SEC and FINRA registration fees. All of the expenses below will be paid by us.

Item	
SEC Registration fee	$ 10,040
FINRA filing fee	11,540
NASDAQ Global Market listing fee	125,000
Printing and mailing expenses	250,000
Legal fees and expenses	800,000
Accounting fees and expenses	575,000
Transfer agent and registrar fees and expenses	5,000
Miscellaneous	23,420
Total	$ 1,800,000

Item 14. Indemnification of Directors and Officers

Under Section 145 of the Delaware General Corporation Law, we can indemnify our directors and officers against liabilities they may incur in such capacities, including liabilities under the Securities Act of 1933, as amended, or the Securities Act. Our bylaws that we expect to be effective upon the closing of this offering (Exhibit 3.4 to this registration statement) provide that we will indemnify our directors and officers to the fullest extent permitted by law and require us to advance litigation expenses upon our receipt of an undertaking by the director or officer to repay such advances if it is ultimately determined that the director or officer is not entitled to indemnification. Our bylaws further provide that rights conferred under such bylaws do not exclude any other right such persons may have or acquire under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Our amended and restated certificate of incorporation that we expect to be effective upon the closing of this offering (Exhibit 3.2 to this registration statement) provides that, pursuant to Delaware law, our directors shall not be liable for monetary damages for breach of the directors' fiduciary duty of care to us and our stockholders. This provision in the amended and restated certificate of incorporation does not eliminate the duty of care, and in appropriate circumstances equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to us or our stockholders, for acts or omissions not in good faith or involving intentional misconduct or knowing violations of law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

In addition, our amended and restated certificate of incorporation provides that we shall indemnify our directors and officers if such persons acted (i) in good faith, (ii) in a manner reasonably believed to be in or not opposed to our best interests, and (iii) with respect to any criminal action or proceeding, with reasonable cause to believe such conduct was lawful. The amended and restated certificate of incorporation also provides that, pursuant to Delaware law, our directors shall not be liable for monetary damages for breach of the directors'

fiduciary duty of care to us and our stockholders. This provision in the amended and restated certificate of incorporation does not eliminate the duty of care, and in appropriate circumstances equitable remedies such as injunctive or other forms of non- monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to us for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for actions leading to improper personal benefit to the fiduciary duty of care to us and our stockholders. This provision in the amended and restated certificate of incorporation does not eliminate the duty of care, and in appropriate circumstances equitable remedies such as injunctive or other forms of non- monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to us for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws. The amended and restated certificate of incorporation further provides that we are authorized to indemnify our directors and officers to the fullest extent permitted by law through the bylaws, agreement, vote of stockholders or disinterested directors, or otherwise. We intend to obtain directors' and officers' liability insurance in connection with this offering.

In addition, concurrently with this offering, we will enter into agreements to indemnify our directors and certain of our officers in addition to the indemnification provided for in the amended and restated certificate of incorporation and bylaws. These agreements will, among other things, indemnify our directors and some of our officers for certain expenses (including attorneys fees), judgments, fines and settlement amounts incurred by such person in any action or proceeding, including any action by or in our right, on account of services by that person as a director or officer of our company or as a director or officer of any of our subsidiaries, or as a director or officer of any other company or enterprise that the person provides services to at our request.

The underwriting agreement (Exhibit 1.1 to this registration statement) provides for indemnification by the underwriters of us and our officers and directors, and by us of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. Recent Sales of Unregistered Securities

(a) Sale of Stock Pursuant to Collaboration Agreement with Green Cross

In June 2010 we entered into a License Agreement with Green Cross. See "Business — Collaborations." Pursuant to that agreement, we issued and sold an aggregate of $1.0 million of our common stock to Green Cross.

In January 2011, we issued and sold 18.4 million shares of our Series D-2 preferred stock to three investors at a for an aggregate purchase price of $12,016,500.

No underwriters were involved in the foregoing sales of securities. The securities described in this section (a) of Item 15 were issued to investors in reliance upon the exemption from the registration requirements of the Securities Act, as set forth in Section 4(2) under the Securities Act relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All purchasers of shares of our common stock described above represented to the Company in connection with their purchase that they were accredited investors and were acquiring the shares for their own account for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof and that they could bear the risks of the investment and could hold the securities for an indefinite period of time. The purchasers received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration statement or an available exemption from such registration.

(b) Stock Option Grants

Between June 30, 2010 and June 30, 2013, we granted options to purchase an aggregate of 1,135,889 shares of common stock, with exercise prices ranging from $0.94 to $1.50 per share, to our employees and directors pursuant to our 2003 Stock Plan. As of June 30, 2013, 1,439,098 options to purchase shares of our common stock had been exercised for aggregate consideration of $1,182,638, options to purchase 1,236,314 shares had been forfeited and options to purchase 2,763,365 shares of our common stock remained outstanding at a weighted-average exercise price of $1.02 per share.

The stock options and the common stock issuable upon the exercise of such options as described in this section (b) of Item 15 were issued pursuant to written compensatory plans or arrangements with the Company's employees and directors in reliance on the exemption provided by Rule 701 promulgated under the Securities Act. All recipients either received adequate information about the Company or had access, through employment or other relationships, to such information.

All of the foregoing securities described in sections (a) and (b) of Item 15 are deemed restricted securities for purposes of the Securities Act. All certificates representing the issued shares of capital stock described in this Item 15 included appropriate legends setting forth that the securities had not been registered and the applicable restrictions on transfer

Item 16. Exhibits and Financial Statement Schedules

The exhibits to the registration statement are listed in the Exhibit Index attached hereto and incorporated by reference herein.

Item 17. Undertakings

The registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus as filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and this offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this amendment to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Rockville, State of Maryland, on October 4, 2013.

MACROGENICS, INC.

By: /s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, the undersigned hereby constitute and appoint Scott Koenig, M.D., Ph.D. and James Karrels and each of them, his true and lawful attorney-in-fact and agent, each with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, or any related registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with 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 or 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 each of said attorneys-in-fact and agents, 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, this Registration Statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Scott Koenig Scott Koenig, M.D., Ph.D.	President and CEO and Director (Principal Executive Officer)	October 4, 2013
/s/ James Karrels James Karrels	Vice President, Chief Financial Officer and Secretary (Principal Financial Officer)	October 4, 2013
/s/ Lynn Cilinski Lynn Cilinski	Vice President, Controller and Treasurer (Principal Accounting Officer)	October 4, 2013
* Paulo Costa	Director	October 4, 2013
* Kenneth Galbraith	Director	October 4, 2013
* Edward Hurwitz	Director	October 4, 2013
* Eran Nadav, Ph.D.	Director	October 4, 2013
* Arnold Oronsky, Ph.D.	Director	October 4, 2013
* David Stump, M.D.	Director	October 4, 2013

*By: /s/ Scott Koenig
Scott Koenig, M.D., Ph.D., Attorney-in-Fact

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EXHIBIT INDEX

Exhibit No.	Description
1.1**	Form of Underwriting Agreement
3.1**	Amended and Restated Certificate of Incorporation of Company
3.1.1**	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Company
3.2	Proposed Restated Certificate of Incorporation of Company
3.3**	Bylaws of Company
3.4**	Proposed Amended and Restated By-laws of the Company
4.1**	Fourth Amended and Restated Registration Rights Agreement by and among the Company, the Founders, and the Investors, dated September 19, 2008
5.1	Opinion of Arnold & Porter LLP
10.1+**	Company 2000 Stock Option and Incentive Plan
10.2+**	Form of Incentive Stock Option Agreement under 2000 Stock Option and Incentive Plan
10.3+**	Company 2003 Equity Incentive Plan
10.4+**	Form of Incentive Stock Option Agreement under 2003 Equity Incentive Plan
10.5+**	Company 2013 Equity Incentive Plan
10.6+**	Form of Incentive Stock Option Agreement under 2013 Equity Incentive Plan
10.7+**	Form of Nonstatutory Stock Option Agreement under 2013 Equity Incentive Plan
10.8**	Lease Agreement by and between Red Gate III LLC and the Company, dated May 31, 2011
10.9**	Amendment to Lease Agreement by and between Red Gate III LLC and the Company, dated March 26, 2013
10.10**	Lease Agreement by and between W. M. Rickman Construction Co. LLC and the Company, dated December 2, 2004
10.11**	Amendment to Lease Agreement by and between W. M. Rickman Construction Co. LLC and the Company, dated January 31, 2006
10.12**	Second Amendment to Lease Agreement by and between W. M. Rickman Construction Co. LLC and the Company, dated June 1, 2011
10.13**	Sublease Agreement by and between Amgen SF, LLC and Raven biotechnologies, Inc., dated November 21, 2006
10.14**	Form of Indemnification Agreement
10.15†	Collaboration and License Agreement by and between Boehringer Ingelheim International GmbH and the Company, dated October 18, 2010
10.16†	License Agreement by and between the Company and Gilead Sciences, Inc., dated January 3, 2013
10.16.1†	First Amendment to License Agreement by and between the Company and Gilead Sciences, Inc., dated October 1, 2013
10.17†	Collaboration Agreement by and between the Company and Green Cross Corp., dated June 30, 2010
10.18†**	First Amendment to Collaboration Agreement by and between the Company and Green Cross Corp., dated January 19, 2011
10.19†**	Second Amendment to Collaboration Agreement by and between the Company and Green Cross Corp., dated December 13, 2012
10.20†	Option for a License Agreement by and between the Company and Les Laboratoires Servier and Institut de Recherches Servier, dated September 19, 2012

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Exhibit No.	Description
10.21†	Option for a License Agreement by and between the Company and Les Laboratoires Servier and Institut de Recherches Servier, dated November 24, 2011
10.22†	Research Collaboration and License Agreement by and between Pfizer Inc. and the Company, dated October 13, 2010
10.23†**	Amendment No. 1 to Research Collaboration and License Agreement by and between Pfizer Inc. and the Company, dated August 9, 2012
10.24†**	Amendment No. 2 to Research Collaboration and License Agreement by and between Pfizer Inc. and the Company, effective October 13, 2013
10.25+**	Form of Employment Agreement between the Company and Scott Koenig, M.D., Ph.D.
10.26+**	Consulting Agreement, dated as of September 6, 2013, between the Company and Anastasia Daifotis, M.D.
10.27+**	2013 Employee Stock Purchase Plan
21.1**	Subsidiaries of Company
23.1	Consent of Ernst & Young, LLP, Independent Registered Public Accounting Firm
23.2	Consent of Arnold & Porter LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on signature pages hereto)

** Previously filed.

† Confidential treatment is requested for certain confidential portions of this exhibit pursuant to Rule 406 under the Securities Act. In accordance with Rule 406, these confidential portions have been omitted from this exhibit and filed separately with the Commission.

+ Indicates management contract or compensatory plan.

Exhibit 3.2

RESTATED CERTIFICATE OF INCORPORATION

OF

MACROGENICS, INC.

MacroGenics, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify that:

The name of the Corporation is MacroGenics, Inc. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on August 14, 2000, was amended and restated on September 15, 2000, was further amended on December 4, 2000, was further amended and restated on June 6, 2002, was further amended on October 22, 2003, was further amended and restated on October 12, 2004, was further amended and restated on June 30, 2005, was further amended and restated on May 15, 2006, was further amended and restated on July 15, 2008, was further amended and restated on September 19, 2008, and was further amended on January 14, 2011.

A resolution was duly adopted by the Board of Directors of the Corporation pursuant to Sections 242 and 245 of the DGCL proposing this Restated Certificate of Incorporation and declaring the advisability of this Restated Certificate of Incorporation. The stockholders of the Corporation duly approved and adopted this Restated Certificate of Incorporation by written consent in accordance with Sections 228, 242 and 245 of the DGCL.

Accordingly, the Certificate of Incorporation of this Corporation, as previously amended and restated, is hereby further amended and restated in its entirety to read as follows.

FIRST: The name of the Corporation is MacroGenics, Inc.

SECOND: The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 130,000,000 shares, consisting of (i) 125,000,000 shares of Common Stock, $0.01 par value per share ("Common Stock"), and (ii) 5,000,000 shares of Preferred Stock, $0.01 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 of the holders of the Preferred Stock of any series as may be designated by the Board of Directors of the Corporation (the "Board of Directors") upon any issuance of the Preferred Stock of any series.

2. Voting. The holders of the Common Stock shall have voting rights at all meetings of stockholders, each such holder being entitled to one vote for each share thereof held by such holder; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (which, as used herein, shall mean the certificate of incorporation of the Corporation, as amended from time to time, including the terms of any certificate of designations of any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation. 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 the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

3. Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors and subject to any preferential dividend or other rights of any then outstanding Preferred Stock.

4. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject to any preferential or other rights of any then outstanding Preferred Stock.

B. PREFERRED STOCK

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors as hereinafter provided. Any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law.

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the General Corporation Law of the State of Delaware, to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and

relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the General Corporation Law of the State of Delaware. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of a majority of the voting power of the capital stock of the Corporation entitled to vote thereon, voting as a single class, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

FIFTH: Except as otherwise provided herein, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

SIXTH: In furtherance and not in limitation of the powers conferred upon it by the General Corporation Law of the State of Delaware, and subject to the terms of any series of Preferred Stock, the Board of Directors shall have the power to adopt, amend, alter or repeal the By-laws of the Corporation by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present. The stockholders may not adopt, amend, alter or repeal the By-laws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by this Certificate of Incorporation, by the affirmative vote of the holders of at least seventy-five percent (75%) of the votes that all the stockholders would be entitled to cast in any annual election of directors or class of directors. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article SIXTH.

SEVENTH: Except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the General Corporation Law of the State of Delaware is amended to permit further elimination or limitation of 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 of the State of Delaware as so amended.

EIGHTH: The Corporation shall provide indemnification as follows:

1. Actions, Suits and Proceedings Other than by or in the Right of the Corporation. The Corporation shall indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) (all such persons being referred to hereafter as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974), and amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which 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 his or her conduct was unlawful. The Corporation may, by action of its Board of Directors, and to the extent provided in such action, indemnify employees and other persons as though they were Indemnitees. The rights to indemnification as provided in this Article Eighth shall be non-exclusive of any other rights that any person may have or hereafter acquire under an statute, provision of this Certificate of Incorporation, the Corporation's Bylaws, agreement, vote of stockholders or Directors, or otherwise. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which 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 reasonable cause to believe that his or her conduct was unlawful.

2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any Indemnitee who was or is a party to or threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation, unless, and only to the extent, that the Court of

Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) which the Court of Chancery of Delaware or such other court shall deem proper.

3. Indemnification for Expenses of Successful Party. Notwithstanding any other provisions of this Article EIGHTH, to the extent that an Indemnitee has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article EIGHTH, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, Indemnitee shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by or on behalf of Indemnitee in connection therewith. Without limiting the foregoing, if any action, suit or proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) an adjudication that Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that Indemnitee had reasonable cause to believe his or her conduct was unlawful, Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

4. Notification and Defense of Claim. As a condition precedent to an Indemnitee's right to be indemnified, such Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving such Indemnitee for which indemnity will or could be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to Indemnitee. After notice from the Corporation to Indemnitee of its election so to assume such defense, the Corporation shall not be liable to Indemnitee for any legal or other expenses subsequently incurred by Indemnitee in connection with such action, suit, proceeding or investigation, other than as provided below in this Section 4. Indemnitee shall have the right to employ his or her own counsel in connection with such action, suit, proceeding or investigation, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Corporation, (ii) counsel to Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and Indemnitee in the conduct of the defense of such action, suit, proceeding or investigation or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, suit, proceeding or investigation, in each of which cases the fees and expenses of counsel for Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article EIGHTH. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above. The Corporation shall not be required to indemnify Indemnitee under this Article EIGHTH for any amounts paid in settlement of any action, suit, proceeding or investigation effected without its written consent. The Corporation shall not settle any action, suit, proceeding or investigation in any manner which

would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee will unreasonably withhold or delay its consent to any proposed settlement.

5. Advance of Expenses. Subject to the provisions of Section 6 of this Article EIGHTH, in the event of any threatened or pending action, suit, proceeding or investigation of which the Corporation receives notice under this Article EIGHTH, any expenses (including attorneys' fees) incurred by or on behalf of an Indemnitee in defending an action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided, however, that the payment of such expenses incurred by or on behalf of Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined by final judicial decision from which there is no further right to appeal that Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article EIGHTH; and provided further that no such advancement of expenses shall be made under this Article EIGHTH if it is determined (in the manner described in Section 6) that (i) Indemnitee did not act in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, or (ii) with respect to any criminal action or proceeding, Indemnitee had reasonable cause to believe his or her conduct was unlawful. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment.

6. Procedure for Indemnification and Advancement of Expenses. In order to obtain indemnification or advancement of expenses pursuant to Section 1, 2, 3 or 5 of this Article EIGHTH, an Indemnitee shall submit to the Corporation a written request. Any such advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of Indemnitee, unless (i) the Corporation has assumed the defense pursuant to Section 4 of this Article EIGHTH (and none of the circumstances described in Section 4 of this Article EIGHTH that would nonetheless entitle the Indemnitee to indemnification for the fees and expenses of separate counsel have occurred) or (ii) the Corporation determines within such 60-day period that Indemnitee did not meet the applicable standard of conduct set forth in Section 1, 2 or 5 of this Article EIGHTH, as the case may be. Any such indemnification, unless ordered by a court, shall be made with respect to requests under Section 1 or 2 only as authorized in the specific case upon a determination by the Corporation that the indemnification of Indemnitee is proper because Indemnitee has met the applicable standard of conduct set forth in Section 1 or 2, as the case may be. Such determination shall be made in each instance (a) by a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (b) by a committee of disinterested directors designated by majority vote of disinterested directors, whether or not a quorum, (c) if there are no disinterested directors, or if the disinterested directors so direct, by independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation) in a written opinion, or (d) by the stockholders of the Corporation.

7. Remedies. The right to indemnification or advancement of expenses as granted by this Article EIGHTH shall be enforceable by Indemnitee in any court of competent jurisdiction.

Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 6 of this Article EIGHTH that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. In any suit brought by Indemnitee to enforce a right to indemnification, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall have the burden of proving that Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article EIGHTH. Indemnitee's expenses (including attorneys' fees) reasonably incurred in connection with successfully establishing Indemnitee's right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation. Notwithstanding the foregoing, in any suit brought by Indemnitee to enforce a right to indemnification hereunder it shall be a defense that the Indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Delaware.

8. Limitations. Notwithstanding anything to the contrary in this Article EIGHTH, except as set forth in Section 7 of this Article EIGHTH, the Corporation shall not indemnify an Indemnitee pursuant to this Article EIGHTH in connection with a proceeding (or part thereof) initiated by such Indemnitee unless the initiation thereof was approved by the Board of Directors. Notwithstanding anything to the contrary in this Article EIGHTH, the Corporation shall not indemnify an Indemnitee to the extent such Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to an Indemnitee and such Indemnitee is subsequently reimbursed from the proceeds of insurance, such Indemnitee shall promptly refund indemnification payments to the Corporation to the extent of such insurance reimbursement.

9. Subsequent Amendment. No amendment, termination or repeal of this Article EIGHTH or of the relevant provisions of the General Corporation Law of the State of Delaware or any other applicable laws shall adversely affect or diminish in any way the rights of any Indemnitee to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

10. Other Rights. The indemnification and advancement of expenses provided by this Article EIGHTH shall not be deemed exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of Indemnitee. Nothing contained in this Article EIGHTH shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification rights and procedures different from those set forth in this Article EIGHTH. In addition, the Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article EIGHTH.

11. Partial Indemnification. If an Indemnitee is entitled under any provision of this Article EIGHTH to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement to which Indemnitee is entitled.

12. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

13. Savings Clause. If this Article EIGHTH or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article EIGHTH that shall not have been invalidated and to the fullest extent permitted by applicable law.

14. Definitions. Terms used herein and defined in Section 145(h) and Section 145(i) of the General Corporation Law of the State of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

NINTH: This Article NINTH is inserted for the management of the business and for the conduct of the affairs of the Corporation.

1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. Number of Directors; Election of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the Corporation shall be established by the Board of Directors. Election of directors need not be by written ballot, except as and to the extent provided in the By-laws of the Corporation.

3. Classes of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board of Directors shall be and is divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The Board of Directors is authorized to assign members of the Board of Directors already in office to Class I, Class II or Class III at the time such classification becomes effective.

4. Terms of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided that each director initially assigned to Class I shall serve for a term expiring at the Corporation's first annual meeting of stockholders held after the effectiveness of this Restated Certificate of Incorporation; each director initially assigned to Class II shall serve for a term expiring at the Corporation's second annual meeting of stockholders held after the effectiveness of this Restated Certificate of Incorporation; and each director initially assigned to Class III shall serve for a term expiring at the Corporation's third annual meeting of stockholders held after the effectiveness of this Restated Certificate of Incorporation; provided further, that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal.

5. Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors fixed pursuant to Section 2 of this Article NINTH shall constitute a quorum of the Board of Directors. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

6. Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by this Certificate of Incorporation.

7. Removal. Subject to the rights of holders of any series of Preferred Stock, directors of the Corporation may be removed only for cause and only by the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors.

8. Vacancies. Subject to the rights of holders of any series of Preferred Stock, any vacancy or newly created directorship in the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor and to such director's earlier death, resignation or removal.

9. Stockholder Nominations and Introduction of Business, Etc. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the By-laws of the Corporation.

10. Amendments to Article. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article NINTH.

TENTH: Stockholders of the Corporation may not take any action by written consent in lieu of a meeting. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article TENTH.

ELEVENTH: Special meetings of stockholders for any purpose or purposes may be called at any time by only the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer of the Corporation, and may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article ELEVENTH.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which restates, integrates and amends the certificate of incorporation of the Corporation, and which has been duly adopted in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware, has been executed by its duly authorized officer this day of , 2013.

MACROGENICS, INC.

By: _____

Scott Koenig
President and Chief Executive Officer

Exhibit 5.1

ARNOLD & PORTER LLP

+1 202.942.5000
+1 202.942.5999 Fax

555 Twelfth Street, NW
Washington, DC 20004-1206

October 4, 2013

MacroGenics, Inc.
9640 Medical Center Drive
Rockville, MD 20850

Re: Registration Statement on Form S-1

Ladies and Gentlemen:

This opinion is furnished to you in connection with a Registration Statement on Form S-1 (File No. 333-190994) (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), for the registration of 4,600,000 shares of Common Stock, $0.01 par value per share (the "Shares"), of MacroGenics, Inc., a Delaware corporation (the "Company"), including 600,000 Shares issuable upon exercise of an over-allotment option granted by the Company.

The Shares are to be sold by the Company pursuant to an underwriting agreement (the "Underwriting Agreement") to be entered into by and among the Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Leerink Swann LLC, as representatives of the several underwriters named in the Underwriting Agreement, the form of which has been filed as Exhibit 1.1 to the Registration Statement.

We are acting as counsel for the Company in connection with the issue and sale by the Company of the Shares. We have examined signed copies of the Registration Statement as filed with the Commission. We have also examined and relied upon the Underwriting Agreement, minutes of meetings and actions of the stockholders and the Board of Directors of the Company as provided to us by the Company, stock record books of the Company as provided to us by the Company, the Certificate of Incorporation and Bylaws of the Company, each as restated and/or amended to date, and such other documents as we have deemed necessary for purposes of rendering the opinions hereinafter set forth.

In our examination of the foregoing documents, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies, the authenticity of the originals of such latter documents and the legal competence of all signatories to such documents.

We express no opinion herein as to the laws of any state or jurisdiction other than the General Corporation Law of the State of Delaware. As to matters governed by such law, we have relied exclusively on the latest compilation of such statutes as reproduced in commonly accepted unofficial publications available to us.

Based upon and subject to the foregoing, we are of the opinion that the Shares have been duly authorized for issuance and, when the Shares are issued and paid for in accordance with the terms and conditions of the Underwriting Agreement, the Shares will be validly issued, fully paid and nonassessable.

Please note that we are opining only as to the matters expressly set forth herein, and no opinion should be inferred as to any other matters. This opinion is based upon currently existing statutes, rules, regulations and judicial decisions, and we disclaim any obligation to advise you of any change in any of these sources of law or subsequent legal or factual developments which might affect any matters or opinions set forth herein.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act and to the use of our name therein and in the related Prospectus under the caption “Legal Matters.” In giving such consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission.

Sincerely,

/s/ Arnold & Porter LLP

Arnold & Porter LLP

Confidential Materials omitted and filed separately with the Securities and Exchange Commission.
Triple asterisks denote omissions.

EXECUTION COPY

BI Contract No. 43032525

COLLABORATION AND LICENSE AGREEMENT

BY AND BETWEEN

BOEHRINGER INGELHEIM INTERNATIONAL GMBH

AND

MACROGENICS, INC.

OCTOBER 18, 2010

TABLE OF CONTENTS

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

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SCHEDULES

Schedule 1.5	BI Exclusive Targets
Schedule 1.28	DART Platform
Schedule 1.47	Initial Collaboration Targets
Schedule 1.50	Draft Invoice
Schedule 1.58	MacroGenics Patent Rights
Schedule 1.77	RTP Criteria Template
Schedule 1.81	SOPD Candidate Criteria Template
Schedule 4.5(b)(I)	Co-Promotion Terms and Conditions
Schedule 4.5(b)(II)	Dispute Resolution Procedures
Schedule 8.4	Press Release

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COLLABORATION AND LICENSE AGREEMENT

This Collaboration and License Agreement (this "Agreement"), is entered into as of October 18, 2010 (the "Effective Date"), by and between Boehringer Ingelheim International GmbH, a corporation organized and existing under the laws of Germany and having a principal office located at Binger Strasse 173, 55216 Ingelheim am Rhein, Germany ("BI"), and MacroGenics, Inc. a corporation organized and existing under the laws of the State of Delaware and having a principal office located at 1500 East Gude Drive Rockville, MD 20850, USA ("MacroGenics").

INTRODUCTION

WHEREAS, MacroGenics has developed the DART Platform (as defined below), which is focused on dual specificity "antibody-like" therapeutic proteins capable of targeting multiple different epitopes with a single recombinant molecule, and certain intellectual property useful in connection with the application of the DART Platform;

WHEREAS, BI is a company that is a member of the Boehringer Ingelheim group of companies which group possesses expertise and resources relating to the research, development, manufacturing and marketing of pharmaceutical and biopharmaceutical products;

WHEREAS BI has developed certain know-how and expertise relating to the same and holds certain intellectual property covering the same;

WHEREAS, BI has developed certain know-how and expertise in the research and development of therapeutic agents for the prevention and treatment of a variety of human and animal diseases, and holds certain intellectual property covering the same;

WHEREAS, MacroGenics and BI wish to enter into an agreement to collaborate on and to use their respective know-how and expertise for the generation, formatting, testing and development of DART Platform products against a series of Collaboration Targets (as defined below), which BI will have exclusive rights to develop, manufacture and commercialize;

WHEREAS, MacroGenics and BI may enter a future co-promotion agreement in the event that MacroGenics exercises its non-transferable option to co-promote in the United States *** whose initial indication is Detailed by *** and

WHEREAS, MacroGenics and BI or any of its Affiliates wish to enter a stock purchase investment, whereby BI or any of its Affiliates would purchase Preferred Stock in MacroGenics, upon the terms and conditions set forth in a definitive stock purchase agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, MacroGenics and BI agree as follows:

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

ARTICLE I

DEFINITIONS

Unless specifically set forth to the contrary herein, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below:

1.1 "Accounting Standards". Accounting Standards means, with respect to MacroGenics and its Affiliates, generally accepted accounting principles as practiced in the United States or, to the extent applicable, IFRS (International Financial Reporting Standards) or with respect to BI and its Affiliates German HGB (Handelsgesetzbuch), in each case as they exist from time to time, consistently applied.

1.2 "Affiliate". Affiliate means with respect to a Party, any entity that directly or indirectly controls, is controlled by, or is under common control with such Party. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise. For purposes of this definition, "control" shall be presumed to exist if one of the following conditions are met: (a) in the case of corporate entities, direct or indirect ownership of more than fifty percent (50%) of the stock or shares having the right to vote for the election of directors, and (b) in the case of non-corporate entities, direct or indirect ownership of more than fifty percent (50%) of the equity interest with the power to direct the management and policies of such non-corporate entities.

1.3 "Annual Net Sales". Annual Net Sales means worldwide Net Sales of Products by BI or its Affiliates or Sublicensees in any Calendar Year on a Product-by-Product basis, or in the first year and last year of the Royalty Term, the portion of such Calendar Year during which the Royalty Term is in effect.

1.4 "Antibody(ies)". Antibody(ies) means a molecule which comprises or contains: (a) one or more immunoglobulin variable domains; (b) fragments, variants, modifications or derivatives of such immunoglobulin variable domains irrespective of origin or source; or (c) the nucleic acid consisting of a sequence of nucleotides encoding (or complementary to a nucleic acid encoding) the foregoing molecules in (a) or (b). The term "Antibody" shall include any monospecific antibodies and less than full-length antibody forms such as Fv, Fab, and F(ab').

1.5 "BI Exclusive Targets" BI Exclusive Targets means the *** set forth on Schedule 1.5 which are available Targets for Programs under this Agreement.

1.6 "BI Biopharmaceutical Technology" BI Biopharmaceutical Technology means with respect to any Lead Candidate, SOPD Candidate or Product, any Patent or Know-How conceived or generated solely by employees, agents or service providers of BI or its Affiliates or Sublicensees and that result from biopharmaceutical activities performed under this Agreement, including ***for ***and ***.

1.7 “BI Intellectual Property”. BI Intellectual Property means the BI Know-How and the BI Patent Rights.

1.8 “BI Know-How”. BI Know-How means Know-How that (a) is Controlled by BI or its Affiliates as of the Effective Date or during the Term, and (b) is necessary or useful to conduct any Program or to research, Develop, make and have made, use, offer for sale, sell or import a Collaboration DART or a Product. BI Know-How does not include Collaboration DART Know-How or Joint Know-How.

1.9 “BI Patent Rights”. BI Patent Rights means any Patent Rights Controlled by BI or its Affiliates as of the Effective Date or during the Term that describe or claim BI Know-How. BI Patent Rights do not include Collaboration DART Patent Rights or Joint Patent Rights.

1.10 “Business Day”. Business Day means a day that is not a Saturday, Sunday or a day on which banking institutions in Washington, DC, USA or Ingelheim am Rhein, Germany are authorized by Law to remain closed.

1.11 “Calendar Quarter”. Calendar Quarter means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

1.12 “Calendar Year”. Calendar Year means each successive period of twelve (12) months commencing on January 1 and ending on December 31.

1.13 “Change of Control”. Change of Control means any of the following events (a) the acquisition by any person or group or entity (other than any venture capital or other institutional investor) of “beneficial ownership” (as hereinafter defined) directly or indirectly, of more than fifty percent (50%) of the shares of MacroGenics’ capital stock or other voting securities, the holders of which have general voting power under ordinary circumstances to elect at least a majority of MacroGenics’ board of directors or equivalent body (the “Voting Stock”); (b) the approval by the shareholders of MacroGenics of a merger, share exchange, reorganization, consolidation or other similar transaction of MacroGenics and the consummation of such transaction (a “Transaction”), other than a Transaction which would result in the beneficial owners of Voting Stock of MacroGenics immediately prior thereto continuing to beneficially own (either by such voting Stock remaining outstanding or being converted into voting securities of the surviving or resulting entity) more than fifty percent (50%) of the Voting Stock of MacroGenics or such surviving or resulting entity immediately after such Transaction; or (c) the approval by the shareholders of MacroGenics of a complete liquidation or dissolution of MacroGenics or a sale or disposition of all or substantially all of the assets of MacroGenics and the consummation of such Transaction. For the purpose of this definition, “beneficial ownership” shall mean ownership of a security by any person or group or entity who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power which includes the power to vote, or to direct the voting of, such security; and/or (ii) investment power which includes the power to dispose or to direct the disposition of such security. Change of Control shall not include any public offering of the shares of MacroGenics.

1.14 “Clinical Development Costs”. Clinical Development Costs means the costs and expenses incurred by or on behalf of a Party that are specific to the conduct of *** for a Product. Clinical Development Costs shall include ***

1.15 “Clinical Trial(s)”. Clinical Trial(s) means a Phase I Clinical Trial, a Phase II Clinical Trial, a Phase III Clinical Trial, and/or a Phase IV Clinical Trial.

1.16 “Collaboration DART”. Collaboration DART means any (a) molecule created from (i) any MacroGenics Collaboration Antibody or (ii) any Antibody provided by BI under this Agreement, in each case using the DART Platform or (b) derivative thereof, in each case that is Directed to a Collaboration Target.

1.17 “Collaboration DART Know-How”. Collaboration DART Know-How means any Know-How created by or on behalf of MacroGenics or BI or their respective Affiliates during the Research Term in the conduct of any Program that is specifically related to a Collaboration DART and any Joint Know-How that is specifically related to a Collaboration DART. However *** “Collaboration DART Know-How” does not include (a) Know-How specifically related to improvements to the DART Platform *** (b) Know-How that is *** (c) Know-How specifically related to the *** (d) any Antibody and any related Know-How created outside the conduct of any Program and provided to MacroGenics or its Affiliates by BI or its Affiliates under this Agreement; and (e) any Antibody and any related Know-How created outside the conduct of any Program and provided to BI or its Affiliates by MacroGenics or its Affiliates under this Agreement.

1.18 “Collaboration DART Intellectual Property”. Collaboration DART Intellectual Property means the Collaboration DART Know-How and Collaboration DART Patent Rights.

1.19 “Collaboration DART Patent Rights”. Collaboration DART Patent Rights means any Patent Rights filed after the Effective Date by MacroGenics, BI or their respective Affiliates or the Joint Counsel that specifically describe or claim Collaboration DART Know-How, including Patent Rights that specifically describe or claim a Collaboration DART.

1.20 “Collaboration Target”. Collaboration Target means Dual Target Combinations ***with *** selected by BI and agreed to by the Parties for inclusion in the Programs in accordance with Section 3.2.

1.21 “Collaboration Target List”. Collaboration Target List means the list of all Collaboration Targets, as such list may be updated from time to time in accordance with Section 3.2.

1.22 “Combination Product”. Combination Product means a pharmaceutical formulation containing as its active ingredients both a Product and one or more other therapeutically active ingredients.

1.23 “Commercially Reasonable Efforts”. Commercially Reasonable Efforts means the efforts required in order to carry out a task in a diligent and sustained manner without undue interruption or delay, which level is at least commensurate with the level of effort that a

Party would devote to a product of similar market potential and having similar commercial and scientific advantages and disadvantages resulting from its own research efforts or to which it has rights, taking into account its safety and efficacy, regulatory status, the competitiveness of the marketplace, its proprietary position, pricing, reimbursement, launching strategy and other market-specific factors, and all other relevant factors.

1.24 "Commercialization" or "Commercialize". Commercialization or Commercialize means any activities directed to obtaining pricing and/or reimbursement approvals, marketing, promoting, distributing, importing, offering to sell, and/or selling a product.

1.25 "Confidential Information". Confidential Information means any and all information and data, including all BI Know-How, MacroGenics Know-How, Collaboration DART Know-How and Joint Know-How, and all other scientific, pre-clinical, clinical, regulatory, manufacturing, marketing, financial and commercial information or data, whether communicated in writing or orally or by any other method, which is provided by one Party to the other Party in connection with this Agreement or the Prior Confidentiality Agreement. Notwithstanding the foregoing, Confidential Information excludes information that, in each case as demonstrated by competent written documentation:

(a) is publicly disclosed and made generally available to the public by the disclosing Party, either before or after it becomes known to the receiving Party;

(b) was known to the receiving Party, without obligation to keep it confidential, prior to the date of disclosure by the disclosing Party;

(c) is subsequently disclosed to the receiving Party by a Third Party lawfully in possession thereof without obligation to keep it confidential and without a breach of such Third Party's obligations of confidentiality;

(d) has been publicly disclosed or made generally available to the public other than through any act or omission of the receiving Party in breach of this Agreement; or

(e) has been independently developed by the receiving Party without the aid, application or use of the disclosing Party's Confidential Information (the competent written proof of which must be contemporaneous with such independent development).

1.26 "Control". Control means, with respect to any item of or right under Patent Rights or Know-How, subject to Section 3.7, the possession of (whether by ownership or license, other than pursuant to this Agreement) the ability of a Party to grant access to, or a license or sublicense of, such items or right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party existing prior to the time such Party would be required hereunder to grant the other Party such access or license or sublicense.

1.27 "Cover", "Covering" or "Covered". Cover, Covering or Covered means, with respect to a product, technology, process or method that, in the absence of ownership of or a license granted under a Valid Claim, the manufacture, use, offer for sale, sale or importation of

such product or the practice of such technology, process or method would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

1.28 "DART Platform". DART Platform means the Dual Affinity Re-Targeting platform described in Schedule 1.28.

1.29 "Detail". Detail means a sales presentation by a professional sales representative to a target physician involved in prescribing the Product in which the primary purpose is to discuss the benefits and features of the Product.

1.30 "Default" means with respect to a Party that (i) any representation or warranty of such Party set forth herein shall have been untrue in any material respect when made or (ii) such Party shall have failed to perform any material obligation set forth in this Agreement.

1.31 "Development" or "Develop" means, with respect to a compound, preclinical and clinical drug development activities, including, among other things: test method development and stability testing, toxicology, formulation, process development, manufacturing scale-up, development-stage manufacturing, quality assurance/quality control procedure development and performance with respect to clinical materials, statistical analysis and report writing and clinical studies, regulatory affairs, and all other pre-Regulatory Approval activities. When used as a verb, "Develop" means to engage in Development. Development shall include any Phase IV Clinical Trials or other post-approval studies required by a Regulatory Authority.

1.32 "Directed". Directed means binding specifically to a Target, as measured by a cellular or biochemical assay.

1.33 "Dual Target Combination". Dual Target Combination means (i) a combination of two (2) different Targets or (ii) a combination of two (2) different epitopes on the same Target.

1.34 "EMA". EMA means The European Medicines Agency, or any successor agency.

1.35 "European Union". European Union means the countries that are members of the European Union, as redefined from time to time.

1.36 "FDA" or "Food and Drug Administration". FDA or Food and Drug Administration means the United States Food and Drug Administration, or any successor agency.

1.37 "Field". Field means any and all uses, including the use of a Product for the diagnosis, treatment, palliation and/or prevention of a disease or medical condition in humans and/or animals.

1.38 "Filing". Filing means the acceptance by the applicable Regulatory Authority of a NDA for filing.

1.39 "First Commercial Sale". First Commercial Sale means, with respect to any Product, the first sale for end use or consumption of such Product in a country after all required approvals, including Regulatory Approval, have been granted by the Regulatory Authority of such country. For avoidance of doubt, sales for test marketing, sampling and promotional uses, clinical trials purposes or compassionate use shall not constitute a First Commercial Sale.

1.40 "FTE". FTE means *** hours of work devoted to or in support directly of (a) a Program in accordance with a Research Plan that is carried out by one or more qualified scientific or technical employees or full-time contract personnel of MacroGenics or its Affiliates, measured in accordance with MacroGenics' normal time allocation practices from time to time. Overtime, and work on weekends, holidays and the like shall not be counted with any multiplier (e.g. time-and-a-half or double time) toward the number of hours that are used to calculate the FTE contribution. The portion of an FTE billable by a Party for one (1) individual during a Calendar Quarter shall be determined by dividing the number of hours worked directly by said individual on the Program, during such accounting period by *** hours per Calendar Quarter.

1.41 "FTE Rate". FTE Rate means *** per FTE, increased or decreased annually by the percentage increase or decrease in the Consumer Price Index–Urban Wage Earners and Clerical Workers, U.S. City Average, All Items, 1982-84 = 100, published by the United States Department of Labor, Bureau of Labor Statistics (or its successor equivalent index) in the United States ("CPI") as of December 31 of the then most recently ended calendar year over the level of the CPI on December 31, 2010 (*i.e.*, the first such increase or decrease would occur on January 1, 2012). The FTE Rate for each FTE includes compensation for all laboratory supplies and equipment, equipment maintenance costs, utilities, waste removal and a pro rata allocation of general and administrative expenses plus facilities expenses, including allocated building operating costs, allocated depreciation, and repairs and maintenance.

1.42 "Generic Competition". Generic Competition means, with respect to a given Calendar Quarter with respect to a Product in any country, that during such Calendar Quarter, one (1) or more Third Parties sell in such country a Generic Product, such Generic Product shall be commercially available in such country and such Generic Product shall have, in the aggregate, a ******* or more market share of the aggregate of Products and Generic Products (based on data provided by IMS Health Incorporated, Fairfield, Connecticut (together with its affiliates, "IMS") as measured ***, or if such data is not available, the Parties shall agree upon a methodology for estimating the percentage of *** of Generic Products in such country.

1.43 "Generic Products". Generic Products means, with respect to a particular Product commercialized by BI in a particular country, any product (other than Products commercialized by BI, its Affiliates or Sublicensees pursuant to this Agreement) that either (a) is a "follow-on biologic" (FOB) or biosimilar or equivalent version to a Product, as defined by the competent Regulatory Authority, and administered in an equivalent dosage form as such Product or (b) for which a Third Party has received Regulatory Approval (based upon then-current applicable Laws governing approval of biological products) whose application for approval relies to a large extent (but not exclusively) on data generated by BI, including Regulatory Approval under section 505(b)(2) of the Federal Food Drug, and Cosmetic Act.

1.44 “GLP Toxicology Study”. GLP Toxicology Study means a toxicology study that is conducted in compliance with the then-current good laboratory practice standards promulgated or endorsed by the FDA, as defined in U.S. 21 C.F.R. Part 58 (or such other comparable regulatory standards in jurisdictions outside the U.S. to the extent applicable to the relevant toxicology study, as they may be updated from time to time) and is required to meet the requirements for filing an IND.

1.45 “Governmental Authority”. Governmental Authority means any United States federal, state or local or any foreign government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any governmental arbitrator or arbitral body.

1.46 “IND”. IND means an Investigational New Drug application or similar application or submission for approval to conduct human clinical investigations filed with or submitted to a Regulatory Authority in conformance with the requirements of such Regulatory Authority.

1.47 “Initial Collaboration Targets”. Initial Collaboration Targets means the Collaboration Targets set forth on Schedule 1.47.

1.48 “Initial Research Term”. Initial Research Term means the period commencing on the Effective Date and ending on the ***of the Effective Date.

1.49 “Invention”. Invention means any new and useful process, article of manufacture, compound, composition of matter, formulation or apparatus, or any improvement thereof, patentable or unpatentable, discovery or finding.

1.50 “Invoice”. Invoice means an original invoice sent by MacroGenics to BI with respect to payment due hereunder substantially in the form attached hereto as Schedule 1.50.

1.51 “Joint Ownership” or “Jointly Owned” or “Jointly Own”. Joint Ownership or Jointly Owned or Jointly Owns means that each Party shall own a fifty percent (50%) undivided interest in the relevant Invention, Know-How or Patent Right.

1.52 “Know-How”. Know-How means (a) any scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, that is not in the public domain or otherwise publicly known, including databases, practices, methods, techniques, specifications, formulations, formulae, protein sequences, DNA sequences, knowledge, know-how, skill, experience, test data including pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data, stability data, studies and procedures, and manufacturing process and development information, results and data, and (b) any biological, chemical, or physical materials that are not in the public domain or otherwise available to the public; all to the extent not claimed or disclosed in a published Patent Right.

1.53 "Law". Law means all laws, statutes, rules, codes, regulations, orders, judgments or ordinances applicable to the Parties, this Agreement or the activities contemplated hereunder.

1.54 "Lead Candidate". Lead Candidate means a Collaboration DART which meets the Research Target Profile and has been accepted by BI, or is otherwise deemed a Lead Candidate in accordance with Section 3.4(d).

1.55 "MacroGenics Collaboration Antibodies". MacroGenics Collaboration Antibodies means Antibodies either (a) created by MacroGenics for the purposes of any Program, or (b) provided by MacroGenics in its sole discretion if such Antibodies were either existing and Controlled by MacroGenics prior to the Effective Date or created or acquired by MacroGenics after the Effective Date outside of the conduct of any Program.

1.56 "MacroGenics Intellectual Property". MacroGenics Intellectual Property means the MacroGenics Know-How and the MacroGenics Patent Rights.

1.57 "MacroGenics Know-How". MacroGenics Know-How means Know-How that is (a) Controlled by MacroGenics as of the Effective Date or during the Term, and (b) necessary or useful to conduct any Program or for BI to research, Develop, make and have made, use, offer for sale, sell or import a Collaboration DART or a Product. MacroGenics Know-How does not include *** created by MacroGenics for the purposes of any Program, ***.

1.58 "MacroGenics Patent Rights". MacroGenics Patent Rights means any Patent Rights Controlled by MacroGenics as of the Effective Date or during the Term that describe or claim MacroGenics Know-How, and are necessary or useful to conduct any Program or for BI to research, Develop, make and have made, use, offer for sale, sell or import a Collaboration DART or a Product. MacroGenics Patent Rights include the Patent Rights listed on Schedule 1.58. MacroGenics Patent Rights do not include Collaboration DART Patent Rights or Joint Patent Rights.

1.59 "Major EU Country". Major EU Country means any of the following countries: ***

1.60 "Major Country". Major Country means any of the following: ***

1.61 "MHW". MHW means the Japanese Ministry of Health and Welfare, or any successor agency.

1.62 "NDA". NDA means a New Drug Application or Biologics License Application, filed with the FDA and/or any other application required for the purpose of marketing or selling or using a therapeutic or prophylactic product to be filed with a governmental agency in a non-U.S. country or group of countries, including a Product License Application or Marketing Authorization in the European Union.

1.63 "Net Sales". Net Sales means the gross amount of sales of Products invoiced by BI, its Affiliates and Sublicensees to unaffiliated Third Parties, less:

(a) sales returns and allowances actually paid, granted or accrued, including trade, quantity and cash discounts and any other adjustments, including those granted on account of price adjustments or billing errors;

(b) rejected goods, damaged or defective goods, recalls, returns;

(c) rebates, chargeback rebates, compulsory rebates, reimbursements or similar payments granted or given to wholesalers or other distributors, buying groups, health care insurance carriers or other institutions;

(d) adjustments arising from consumer discount programs or other similar programs;

(e) non collectable receivables related to Product;

(f) customs or excise duties, sales tax, consumption tax, value added tax, and other taxes (except income taxes); or

(g) charges for packing, freight, shipping and insurance (to the extent that BI, its Affiliates and Sublicensees bear such costs).

Each of the foregoing deductions shall be determined as incurred in the ordinary course of business in type and amount consistent with good industry practice and in accordance with the applicable Accounting Standards of the selling party on a basis consistent with the applicable selling party's audited consolidated financial statements. For sake of clarity and avoidance of doubt, sales by BI, its Affiliates or Sublicensees of a Product to a permitted Recognized Agent or Third Party Distributor of such Product in a given country shall be considered a sale to a Third Party customer. All such discounts, allowances, credits, rebates, and other deductions shall be fairly and equitably allocated to the Products and other products of BI and its Affiliates and Sublicensees such that the Product does not bear a disproportionate portion of such deductions.

Supply of Products other than for cash shall be substituted to price on bona fide arms length sales; whereas the price shall be the average price of sold product for cash during the period based on quantity of drug substance sold.

Any Products used for promotional or advertising purposes (in reasonable and customary amounts) or used for clinical trials or other research purposes shall not be included in Net Sales. Donations for charity reasons shall also not be Net Sales.

"Recognized Agent" or "Third Party Distributor" for the purpose of this definition shall mean any Third Party which distributes (but does not Develop) Products directly to customers in countries where BI has no Affiliate or Sublicensee.

In the event a Product is sold as a Combination Product, Net Sales of the Combination Product will be calculated as follows:

(1) If Product and other active component(s) within such Combination Product are sold separately, Net Sales will be calculated by multiplying the total Net Sales (as described above) of the Combination Product by the fraction A/(A+B), where A is the average gross selling price in the applicable country in the Territory of the Product sold separately in the same formulation and dosage, and B is the sum of the average gross selling prices in the applicable country in the Territory of such other active component(s) sold separately in the same formulation and dosage, during the applicable Calendar Year.

(2) If the Product within the particular Combination Product is sold independently of the other active component(s) therein, but the average gross selling price of such other active component(s) cannot be determined, Net Sales will be calculated by multiplying the total Net Sales (as described above) of the Combination Product by the fraction A/C where A is the average gross selling price of such Product sold independently and C is the average gross selling price of the entire Combination Product.

(3) If the other active component(s) within the Combination Product are sold independently of the Product therein, but the average gross selling price of such Product cannot be determined, Net Sales will be calculated by multiplying the total Net Sales (as described above) of the Combination Product by the fraction [1-B/C], where B is the average gross selling price of such other active component(s) and C is the average gross selling price of the entire Combination Product.

(4) If the Product and other active component(s) within the Combination Product are not sold separately, or if they are sold separately but the average gross selling price of neither such Product and other active component(s) within can be determined, Net Sales of the Combination Product shall be equal to Net Sales of the Combination Product multiplied by a mutually agreed percentage.

With respect to such other active component(s), the average gross selling price for a particular product shall be calculated for each Calendar Year by dividing the sales amount by the units of such product, as published by IMS or another mutually agreed independent source.

For purposes of the foregoing, in the initial Calendar Year during which a Combination Product is sold, a forecasted average gross selling price shall be used for the Product and other active component(s) therein, to be determined in good faith mutually by the Parties. Any over or under payment due to a difference between forecasted and actual average gross selling prices shall be paid or credited in the first royalty payment of the following Calendar Year. In the following Calendar Year the average gross selling price of both the Product and the other active component(s) included in the Combination Product in the previous year shall apply.

1.64 “Party” and “Parties”. Party means BI or MacroGenics individually, and Parties means BI and MacroGenics collectively.

1.65 “Patent Rights”. Patent Rights means patents, patent applications and/or provisional patent applications, utility models and utility model applications, design patents or registered industrial designs and design applications or applications for registration of industrial designs, petty patents, innovation patents, patents of addition, inventor’s certificates and all substitutions, divisionals, continuations, continuation-in-part applications, continued prosecution applications, requests for continued examinations, reissues, renewals, reexaminations and extensions and supplementary protection certificates granted in relation thereto, in any country of the world. For clarity, Patent Rights shall include any Patent Rights that claim priority to or common priority with such Patent Rights.

1.66 “Phase I Clinical Trial”. Phase I Clinical Trial means a human clinical trial in any country that meets the requirements of 21 CFR §312.21(a) or a similar clinical study in a country other than the United States. Each Phase I Clinical Trial shall be deemed commenced upon dosing of the first participant in such trial.

1.67 “Phase II Clinical Trial”. Phase II Clinical Trial means a human clinical trial in any country that meets the requirements of 21 CFR §312.21(b) or a similar clinical study in a country other than the United States. Each Phase II Clinical Trial shall be deemed commenced upon dosing of the first participant in such trial.

1.68 “Phase III Clinical Trial”. Phase III Clinical Trial means a human clinical trial in any country in the Territory that meets the requirements of 21 CFR §312.21(c) or a similar clinical study in a country other than the United States. Each Phase III Clinical Trial shall be deemed commenced upon dosing of the first participant in such trial.

1.69 “Phase IV Clinical Trial”. Phase IV Clinical Trial means a post-registrational Clinical Trial conducted in any country or countries and required as a condition to, or for the maintenance of, any Regulatory Approval for a Product.

1.70 “Prior Confidentiality Agreement”. Prior Confidentiality Agreement means the Confidentiality Agreements between MacroGenics and Boehringer Ingelheim Pharmaceuticals, Inc, dated ***

1.71 “Product”. Product means any preparation in final form, either for sale by prescription, over-the-counter or any other method, or for administration to human patients or to animals in Clinical Trials, for any and all uses, which preparation contains a Collaboration DART. All references to Products in this Agreement shall be deemed to include Combination Products.

1.72 “Program”. Program means a program conducted pursuant to this Agreement and directed to the research, Development, manufacturing and Commercialization of Collaboration DARTs and Products which bind to the same specific Collaboration Target.

1.73 “Prosecution and Maintenance”. Prosecution and Maintenance means, with respect to a Patent Right, the preparing, filing, prosecuting and maintenance of such Patent Right, as well as re examinations, reissues and the like with respect to such Patent Right, together with the conduct of interferences, the defense of oppositions and other similar proceedings with respect to the particular Patent Right; and “Prosecute and Maintain” shall have the correlative meaning.

1.74 “Regulatory Approval”. Regulatory Approval means the technical, medical and scientific licenses, registrations, authorizations and approvals (including approvals of NDAs and labeling approvals) of any national, supra-national, regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity, necessary for the distribution, marketing, promotion, offer for sale, use, import, export or sale of Product(s) in a regulatory jurisdiction.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

1.75 “Regulatory Authority”. Regulatory Authority means any applicable government regulatory authority involved in granting approvals for the manufacturing, marketing, reimbursement and/or pricing of a Product in the Territory, including the FDA, EMA and MHW (in each case as applicable), and any successor governmental authority having substantially the same function.

1.76 “Research Plan”. Research Plan means, with respect to each Program, a research plan developed by the Parties that sets forth the activities to be undertaken during the Research Term with respect to such Program, including the assignment of each Party’s responsibilities and the allocated number of MacroGenics FTEs in the course of such Program with respect to each Collaboration DART in such Program through ***, applicable RTP criteria, criteria for selecting Antibodies for the Collaboration DART, Materials to be provided by each Party and the number of Lead Candidates to be developed under each Program, which research plan which may be amended from time to time upon the agreement of the JSC.

1.77 “Research Target Profile” or “RTP”. Research Target Profile or RTP means for any Collaboration DART in a Program the written, quantifiable criteria agreed to by the Parties upon the commencement of such Program using the format as set forth in Schedule 1.77 (which may be amended from time to time upon mutual agreement of the Parties) and included in the Research Plan for such Program.

1.78 “Research Term”. Research Term means the Initial Research Term and, if applicable, the Extended Research Term.

1.79 “Senior Executives”. Senior Executives means, in the case of MacroGenics, the Chief Executive Officer of MacroGenics (or a senior executive officer designated by the Chief Executive Officer of MacroGenics) and in the case of BI, depending on the actual status of the Product, the board member responsible for research, development and medicine or the board member responsible for marketing and sales; or in each case such individual’s nominated designee, who is a member of BI’s senior management with appropriate decision making authority.

1.80 “Start of Pre-Clinical Development Candidate” or “SOPD Candidate”. Start of Pre-Clinical Development Candidate or SOPD Candidate means each Collaboration DART that has been accepted by BI in accordance with Section 3.5.

1.81 “Start of Pre-Clinical Development Candidate Criteria” or “SOPD Candidate Criteria”. Start of Pre-Clinical Development Candidate Criteria or SOPD Candidate Criteria means the *** (using the format as set forth in Schedule 1.81 (which may be amended from time to time upon mutual agreement of the Parties)) after the first Collaboration DART in such Program has been deemed a Lead Candidate and included in the Research Plan for such Program.

1.82 “Sublicensee”. Sublicensee means a Third Party to whom BI (or its Affiliate) has granted a license or sublicense under the MacroGenics Intellectual Property, Collaboration DART Intellectual Property and/or Joint Intellectual Property to research, Develop, make and have made, offer for sale, sell or import a Product; provided, however, that a Sublicensee shall not include any distributor, dealer or reseller.

1.83 “Target”. Target means (a) an antigen composed of a polypeptide, a complex or more than one polypeptide or a post-translational modification of a polypeptide (e.g., glycosylation, phosphorylation, etc.) that is recognized by an Antibody through direct binding to such antigen; or (b) a gene encoding an antigen and the products encoded by such gene, including any homologues, variants, alternatively spliced variants, mutants, deletions or fragments or partial sequences of such antigen.

1.84 “Terminated Product”. Terminated Product means (a) with respect to the termination of a Program pursuant to Section 10.2(b), each Collaboration DART and Product included in such Program; and (b) with respect to termination of this Agreement in its entirety, all Collaboration DARTs and Products.

1.85 “Terminated Target”. Terminated Target means (a) the Collaboration Target to which a Terminated Product is Directed; or (b) any Collaboration Target that is removed from the Collaboration Target List pursuant to Section 3.2(d).

1.86 “Territory”. Territory means all countries in the world.

1.87 “Third Party”. Third Party means an entity other than BI and its Affiliates, and MacroGenics and its Affiliates.

1.88 “Valid Claim”. Valid Claim means (a) a claim of an issued patent that has not expired or been abandoned, or been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final and non-appealable judgment (or judgment from which no appeal was taken within the allowable time period) or (b) a claim within a patent application which application has not been pending for *** from the date of its priority filing date and which claim has not been revoked, cancelled, withdrawn, held invalid or abandoned or finally determined to be unallowable in a decision from which an appeal cannot or can no longer be taken.

1.89 Each of the following definitions is set forth in the section of this Agreement indicated below:

Definition:	Section:
Acquiring/Acquired Party	5.8(c)(iii)
Additional Cure Period	10.2(a)
Agreement	Preamble
Audited Party	6.8
Auditing Party	6.8
Bankruptcy Code	5.7
BI	Preamble

Definition:	Section:
BI Indemnitees	9.5
Clinical Development Plan	4.2(a)
Co-Development Budget	4.4(a)
Co-Development Obligations	4.4(b)(i)
Co-Development Product	4.4(a)
Commercialization Plan	4.5(a)
Co-Promotion Option	4.5(a)
CPI	1.41
Defaulting Party	10.2(a)
Development Data Package	4.4(a)
Dispute	11.1
Effective Date	Preamble
Excluded Claim	11.2
Extended Research Term	3.1(c)
IMS	1.42
Initial Research Plans	3.1(b)
Initiating Party	7.5(d)
Joint Counsel	7.4(a)
Joint Counsel Patent Rights	7.4(a)
Joint Intellectual Property	7.1(a)
Joint Know-How	7.1(a)
Joint Patent Rights	7.1(a)
JDC	2.3(b)(i)
JRC	2.3
JSC	2.2(a)
Lead Candidate Review Period	3.4(c)
M&A Event	12.7
MacroGenics	Preamble
MacroGenics Indemnitees	9.4
MacroGenics Shared Percentage	4.4(a)
Maintenance Payment	6.3(a)
Materials	3.6
Non-Defaulting Party	10.2(a)
Project Leader	2.1
Records	3.9(a)
Replacement Product	6.4(a)
Royalty Term	6.6(b)
SEC Filing	8.4(c)
SOPD Candidate Review Period	3.5(b)
Term	10.1
Third Party Claim	9.4

ARTICLE II

GOVERNANCE

2.1 Project Leaders. Within fifteen (15) Business Days after the Effective Date, each Party will appoint for each Program (and provide written notice to the other Party of the identity of) a senior representative having a general understanding of pharmaceutical discovery and development issues to act as its project leader under this Agreement (the "Project Leader"). A Project Leader may support multiple ongoing Programs. The Project Leaders will serve as the contact point between the Parties, and will be primarily responsible for: (a) facilitating the flow of information and otherwise promoting communication, coordination of the day-to-day work and collaboration between the Parties with respect to a particular Research Plan; (b) providing single point communication for seeking consensus both internally within the respective Party's organization; and (c) raising cross-Party and/or cross-functional disputes in a timely manner. The Project Leaders shall ensure regular biweekly telephone conferences or more frequently as deemed necessary or appropriate, to exchange informal information regarding the progress of the relevant Program. Each Party may change its designated Project Leader from time to time upon prior written notice to the other Party. Any Project Leader may designate a substitute to temporarily perform the functions of that Project Leader by prior written notice to the other Party.

2.2 Joint Steering Committee.

(a) Composition. Promptly after the Effective Date, the Parties shall establish a joint steering committee (the "JSC"). The JSC shall be comprised of three (3) named representatives of BI and three (3) named representatives of MacroGenics (or such other number as the Parties may agree). As soon as practicable after the Effective Date (but in no event more than fifteen (15) Business Days after the Effective Date), each Party shall designate by written notice to the other Party its initial representatives on the JSC. Each Party may replace one or more of its representatives, in its sole discretion, effective upon written notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge, and ongoing familiarity with the Programs. Either Party may, from time to time, invite additional representatives or consultants to attend JSC meetings; provided that at least ten (10) Business Days prior written notice is given of a Party's intention to invite such other representatives or consultants and providing full details about the name, employer and professional background of such other representatives or consultants, and subject to such representative's and consultant's written agreement to comply with confidentiality obligations substantially the same as those set forth in ARTICLE VIII. Each Party shall bear its own expenses related to the attendance at JSC meetings by its representatives. The JSC shall be co-chaired by a representative from each Party. The chairpersons shall set the agendas for the JSC meeting in advance. The JSC shall be disbanded upon expiration of the Research Term.

(b) Function and Powers of the JSC. During the Research Term, the JSC's responsibilities shall include: (i) approving each Research Plan, RTP and any amendments thereto; (ii) approving the *** Candidate Criteria; (iii) providing a forum for discussion of the Research Plan, RTP, the status of the Programs, and relevant data; (iv) reallocating resources within and/or among the Programs and the prioritization of Programs; (v) serving as a forum for

informal resolution of disagreements that may arise in the relation to the Parties activities under the Programs; (vi) determining and approving the overall strategy for publications and presentations pursuant to Sections 8.3 and 8.4; and (vii) considering and acting upon such other matters as specified in this Agreement.

2.3 Subcommittees. The JSC may establish and disband such subcommittees as deemed necessary by the JSC. Each such subcommittee shall consist of the same number of representatives designated by each Party, which number shall be mutually agreed by the Parties. Each Party shall be free to change its representatives on written notice to the other Party or to send a substitute representative to any subcommittee meeting. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE VIII. Except as expressly provided in this Agreement, no subcommittee shall have the authority to bind the Parties hereunder and each subcommittee shall report to the JSC. The initial subcommittee of the JSC will be the Joint Research Committee ("JRC"). The Parties may elect to establish a single JRC or may elect to establish a separate JRC for each Program.

(a) Joint Research Committee.

(i) Promptly after the Effective Date, the Parties shall establish the JRC (or, if multiple JRCs are to be established, promptly after each Program commences). The JRC shall be comprised of three (3) named representatives of BI and three (3) named representatives of MacroGenics (or such other number as the Parties may agree). As soon as practicable after the establishment of the JRC, each Party shall designate by written notice to the other Party its initial representatives on the JRC. Each Party may replace one or more of its representatives, in its sole discretion, effective upon notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge, and ongoing familiarity with the relevant Program(s). Either party may, from time to time, invite additional representatives or consultants to attend JRC meetings; provided that at least ten (10) Business Days prior written notice is given of a Party's intention to invite such other representatives or consultants and providing full details about the name, employer and professional background of such other representatives or consultants, and subject to such representative's and consultant's written agreement to comply with confidentiality obligations substantially the same as those set forth in ARTICLE VIII. Each Party shall bear its own expenses related to the attendance at JRC meetings by its representatives. The JRC shall be co-chaired by a representative of each Party. The chairpersons shall set the agendas for the JRC meeting in advance. The JRC shall be disbanded upon expiration of the Research Term.

(ii) During the Research Term, the JRC's responsibilities shall include: (A) prioritizing research on Collaboration Targets; (B) developing the Research Plan, RTP and any amendments thereto for approval by the JSC; (C) establishing the *** Candidate Criteria for each Program; (D) reviewing and tracking the exchange and use of Materials pursuant to Section 3.6; (E) considering and advising on technical issues and issues of priority that arise in the conduct of the relevant Program(s); and (F) considering and acting upon such other matters as specified in this Agreement.

(b) Joint Development Committee.

(i)***, the Parties will establish the Joint Development Committee ("JDC") and each Party shall designate by written notice to the other Party its initial representatives on the JDC. The JDC shall be comprised of two (2) named representatives of BI and two (2) named representatives of MacroGenics (or such other number as the Parties may agree). Each Party may replace one or more of its representatives, in its sole discretion, effective upon written notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge, and ongoing familiarity with the relevant Program(s). Either Party may, from time to time, invite additional representatives or consultants to attend JDC meetings; provided that at least ten (10) Business Days prior written notice is given of a Party's intention to invite such other representatives or consultants and providing full details about the name, employer and professional background of such other representatives or consultants, and subject to such representative's and consultant's written agreement to comply with confidentiality obligations substantially the same as those set forth in ARTICLE VIII. Each Party shall bear its own expenses related to the attendance at JDC meetings by its representatives. The JDC shall be co-chaired by a representative of each Party. The chairpersons shall set the agendas for the JDC meeting in advance. The JDC shall be disbanded upon completion of the relevant ***.

(ii) The JDC's responsibilities shall include coordinating activities related to the *** in accordance with Section 4.3 and considering and acting upon such other matters as specified in this Agreement.

2.4 Meetings. Commencing in the fourth Calendar Quarter of 2010, the JSC shall hold at least *** per Calendar Year and each of the subcommittees shall each hold at least one (1) meeting per Calendar Quarter. Either Party shall be entitled to request any additional meetings of the JSC. Meetings of the JSC and the subcommittees, respectively, shall be effective only if at least two (2) representative of each Party are present or participating. The location of meetings shall be as agreed by the Parties, and may be held in person, alternating locations between the Parties, or by telephone conference call or by videoconference; provided, however, that at least *** of the JSC and each subcommittee per Calendar Year are held in person. Each Party shall be responsible for all of its own expenses incurred in connection with preparing for and participating in all such meetings. Within ten (10) Business Days prior to each scheduled meeting, the Parties shall, in accordance with Section 3.9(b), provide a report to the JSC or JRC (in each case as applicable) detailing its progress with respect to the respective Programs. The Parties will rotate the responsibility for recording, preparing and issuing minutes for each JSC, and any subcommittee within fifteen (15) Business Days thereafter.

2.5 Decision-making.

(a) Initial Dispute Resolution Procedures. Subject to the provisions of this Section 2.5, actions to be taken by the JSC and each of the subcommittees shall be taken only following a unanimous vote, with each Party, through its representatives, having one (1) vote. If any subcommittee fails to reach unanimous agreement on a matter before it for decision *******, the matter shall be referred to the JSC unless the JSC has been disbanded, in which case such matter shall be referred to ******* MacroGenics and ******* of BI for resolution in accordance with Section 2.5(b).

(b) Referral of Unresolved Matters to Executives. If, in accordance with Section 2.5(a), the JSC does not resolve any matter considered by it within ******* after the matter is first considered by it, the matter may be referred by either Party to the *** of MacroGenics and *** of BI to be resolved by negotiation in good faith as soon as practicable but in no event ******* after referral. Such resolution, if any, of a referred issue by the ******* and ******* shall be final and binding on the Parties.

(c) Final Decision-Making. If a dispute referred to the ******* and ******* has not been resolved in accordance with Section 2.5(b), then, subject to Section 2.5(d), ******* ***. Any *** under this Section 2.5(c) shall be deemed a decision of the JSC for purposes of this Agreement.

(d) Exceptions. Notwithstanding Section 2.5(c), ******* to exercise such decision-making authority (i) ***; (ii) in a manner that excuses BI from any of its obligations specifically enumerated under this Agreement, (iii) in a manner that negates any consent rights or other rights specifically allocated to MacroGenics under this Agreement; (iv) to resolve any dispute regarding whether a milestone event set forth in Section 6.4 has been achieved; (v) in a manner that would require MacroGenics to perform activities (A) for which BI *** (except as expressly set forth in this Agreement); (B) which MacroGenics has not agreed to perform as set forth in this Agreement or an Initial Research Plan, or as otherwise agreed in writing by MacroGenics; or (C) which require MacroGenics to use any Know-How or other technology not contemplated in an Initial Research Plan and that are not developed internally by MacroGenics; (vi) *** or (vii) in a manner that would require MacroGenics to perform any act that it reasonably believes to be inconsistent with any Law or any approval, order, policy, guidelines of a Regulatory Authority or ethical requirements or ethical guidelines.

2.6 Limitations on JSC Authority. The JSC and any subcommittee shall have only the powers assigned expressly to it in this ARTICLE II and elsewhere in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the JSC or any subcommittee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing.

ARTICLE III

RESEARCH PROGRAM

3.1 General.

(a) Objectives. The initial objective of each Program is to develop Collaboration DARTs Directed to a specific Collaboration Target and to Develop such Collaborative DARTs to meet the SOPD Candidate Criteria and being declared SOPD

Candidates. The Parties may also agree to collaborate on additional exploratory projects related to the Programs. Up to ten (10) Programs shall be undertaken through the generation of Lead Candidates meeting RTP criteria and eventually SOPD Candidate Criteria under this Agreement. For each Collaboration DART that is deemed an SOPD Candidate, BI shall, in accordance with ARTICLE IV, have full responsibility for further Development, manufacture and Commercialization activities.

(b) Research Plans. The Parties shall agree to a Research Plan for each Program and shall conduct each Program in accordance with the applicable Research Plan. The Parties shall agree to ******* (the "Initial Research Plans"), which Initial Research Plans shall include *******Collaboration Targets and shall set forth the tasks to be undertaken by the Parties (including relevant technology to be used and Materials (as defined below) to be provided) under each Program.

(c) Extended Research Term. In the event that BI reasonably believes that the Parties will not complete the activities under the Research Plan for any Program initiated during the first ******* of the Initial Research Term, then BI, at its sole discretion, may extend the Research Term to complete the goals of such Research Plan as then in effect for a ******* period (the "Extended Research Term") from the expiration of the Initial Research Term. BI may extend the Research Term by giving written notice to MacroGenics at least ******* prior to the expiration of the Initial Research Term. The Parties shall mutually agree upon the number of FTEs at MacroGenics needed to perform the research during the Extended Research Term and BI shall provide funding for such FTEs in accordance with Section 6.3(b)(ii). The Parties may further prolong the Extended Research Term by mutual written agreement of the Parties.

3.2 Selection of Collaboration Targets.

(a) Initial Collaboration Targets. As of the Effective Date the Parties have agreed to include the Initial Collaboration Targets set forth on Schedule 1.47 as Collaboration Targets under this Agreement.

(b) Additional Collaboration Targets. Within *** from the Effective Date, BI may submit in writing to MacroGenics additional Dual Target Combinations (which must be accompanied by the Entrez Gene ID, HUGO or official symbol and any common synonyms, if available, for each Target included in such Dual Target Combination) which BI in good faith wishes to include as Collaboration Targets; provided that in no event shall there be more than *** Collaboration Targets at any time during the Research Term. For purposes of clarity, BI shall have the right to substitute Collaboration Targets in accordance with Section 3.2(d). MacroGenics shall, subject to Section 3.2(c), provide BI written notice of whether any such additional Dual Target Combinations shall be included as Collaboration Targets within ******* Business Days after receipt of notice of such additional Dual Target Combinations.

(c) Limitation on MacroGenics Rejection of Proposed Collaboration Targets. MacroGenics may reject a proposed Dual Target Combination submitted by BI in accordance with Section 3.2(b) only if prior to BI's submission of such proposed Dual Target Combination: (i) *** in such proposed Dual Target Combination (but only if such Target is included in a written list of no more than ******* Targets (which must be accompanied by the Entrez

Gene ID, HUGO or official symbol and any common synonyms, if available, for each Target) provided by MacroGenics to a Third Party gatekeeper that is mutually acceptable to MacroGenics and BI prior to the Effective Date and which is subject to *** of such list for each *** not to exceed ***Targets in total at any given time, by MacroGenics and which is shared prior to the end of each *** with such Third Party gatekeeper), provided however that under this clause (i) MacroGenics will not reject more than *** Dual Target Combinations in the *** period after the Effective Date and each consecutive *** period thereafter; provided that BI shall *** under this Section 3.2(c) unless mutually agreed to by the Parties; (ii) MacroGenics or its Affiliates have entered into an agreement with a Third Party pursuant to which MacroGenics or its Affiliates have committed any *** included in such *** to such Third Party; or (iii) MacroGenics is in good faith active partnering discussions with a Third Party *** included in such *** (as supported by written evidence *** BI's submission of any Dual Target Combination according to Section 3.2(b))), and in each case (i), (ii) and (iii), MacroGenics shall provide BI with written documentation on the reason for its rejection of any proposed *** included in MacroGenics' Target list and BI shall be entitled to confirm any such rejection under clause (i) directly with a Third Party gatekeeper to the then current MacroGenics Target list; provided that MacroGenics shall not be required to provide any written documentation or other disclosure that would violate its confidentiality obligations to a Third Party.

(d) Removal of Collaboration Targets from Collaboration Targets List. At any time during the Initial Research Term, BI may remove a Collaboration Target from the Collaboration Targets List (i) prior to the Parties commencing activities under a Research Plan with respect to such Collaboration Target or (ii) at any time after commencing research under the Research Plan with respect to a Collaboration Target in the event that BI reasonably and in good faith concludes that a Collaboration DART can not meet the applicable RTP. In the event of the removal of a Dual Target Combination from the Collaboration Targets List in accordance with this Section 3.2(d)(ii), (A) such removal shall be treated as a *** with respect to the Program for such Collaboration Target; and (B) BI may submit an additional replacement Dual Target Combination to MacroGenics in accordance with Section 3.2(b). Notwithstanding the foregoing, in no event shall the cumulative number of Collaboration Targets pursued under this Agreement by the Parties (including any Collaboration Targets that are removed from the Collaboration Targets List pursuant to this Section 3.2(d)(i) or (ii)) exceed *** unless mutually agreed by the Parties.

3.3 Conduct of the Programs.

(a) MacroGenics and BI shall each use Commercially Reasonable Efforts to conduct each Program in good scientific manner and in accordance with the applicable Research Plan.

(b) Either Party shall have the right to utilize the services of a Third Party to perform its Program obligations under the Research Plan. Each Party shall remain at all times fully liable for its responsibilities under each Program and this Agreement.

(c) MacroGenics and BI shall conduct each Program in accordance with all applicable Laws, including, all current governmental regulatory requirements concerning Good Laboratory Practices. To the best of its knowledge, each Party hereby certifies that it will not employ or otherwise use in any capacity the services of any person debarred under 21 USC §335a in performing any activities hereunder.

3.4 Research Target Profile; Lead Candidate Identification.

(a) The Research Plan for a Program shall set forth the applicable RTP for Collaboration DARTs in such Program. The JRC shall develop, and the JSC shall approve, such RTP based on the template provided in Schedule 1.77 *** (as agreed by JSC)" in Schedule 1.77.

(b) Following approval of the RTP for a Program, the JRC may, from time to time during the Research Term, nominate a Collaboration DART from such Program that meets the RTP for consideration as a Lead Candidate. For each such nominated Collaboration DART the JRC shall prepare and deliver to BI a data package for BI to evaluate. Such data package shall include the results from all tests and other measures included in the RTP. Within ******* after delivery to BI of such data package, BI shall provide MacroGenics written notice whether BI (i) accepts such Collaboration DART as a Lead Candidate and intends to continue the relevant Program for such Lead Candidate in accordance with the terms of this Agreement, in which case such Collaboration DART shall be deemed a Lead Candidate; (ii) does not accept such Collaboration DART as a Lead Candidate, but either desires to continue evaluation of such Collaboration DART in accordance with subsection (c) or continue the relevant Program with respect to other Collaboration DARTs; or (iii) does not accept such Collaboration DART as a Lead Candidate and does not desire to continue the relevant Program, in which case this Agreement shall terminate with respect to such Program and such termination shall be treated as a termination under Section 10.2(b).

(c) If a Collaboration DART that has achieved the Lead Candidate Criteria is not accepted by BI as a Lead Candidate in accordance with Section 3.4(b), then within ******* (the "Lead Candidate Review Period") BI shall have the right, by providing written notice to MacroGenics to accept any such Collaboration DART as a Lead Candidate, and the Parties shall continue the relevant Program for such Lead Candidate in accordance with the terms of this Agreement. If upon expiration of the applicable Lead Candidate Review Period the relevant Collaboration DART has not been accepted by BI as a Lead Candidate, then (i) the licenses granted to BI under ARTICLE V with respect to such Collaboration DART shall terminate and (ii) if no Collaboration DART has been accepted as a Lead Candidate for the relevant Program, BI shall provide MacroGenics written notice of whether BI (A) desires to continue the relevant Program with respect to other Collaboration DARTs; or (B) does not desire to continue the relevant Program, in which case this Agreement shall terminate with respect to such Program and such termination shall be treated as a termination under Section 10.2(b).

(d) Upon the initiation by BI of any *******, BI shall provide MacroGenics written notice of such initiation, BI shall be deemed to have accepted such Collaboration DART as a Lead Candidate and such Collaboration DART shall be deemed a Lead Candidate.

(e) BI shall *** for the first Collaboration DART from each Program that BI accepts as a Lead Candidate pursuant to subsections (b), (c) or (d) of this Section 3.4. For the sake of clarity, BI has the right to select additional Collaboration DARTs from the same Program as Lead Candidates.

3.5 Start of Pre-Clinical Development Candidate Criteria; SOPD Candidate Identification.

(a) Within *** following the date on which a Collaboration DART in a Program is deemed a Lead Candidate, the JRC shall determine and the JSC shall approve, the Start of Pre-Clinical Development Candidate Criteria applicable to such Program. The JRC shall develop, and the JSC shall approve, such Start of Pre-Clinical Development Candidate Criteria based on the template provided in Schedule 1.81 and shall *** Following approval of the Start of Pre-Clinical Development Candidate Criteria for a Program and subject to the approval of the JSC, the JRC may, from time to time during the Research Term, nominate a Collaboration DART from such Program that has achieved the Start of Pre-Clinical Development Candidate Criteria for consideration as an SOPD Candidate. The JSC shall have the right to approve any such nomination. For each such nominated Collaboration DART the JRC shall prepare and deliver to BI a data package for BI to evaluate such Collaboration DART for designation as an SOPD Candidate. Such data package shall include the results from all tests and other measures included in the SOPD Criteria. Within ***after delivery to BI of the data package, BI shall provide MacroGenics written notice whether BI (i) accepts such Collaboration DART as an SOPD Candidate and intends to Develop and/or Commercialize such SOPD Candidate in accordance with the terms of this Agreement, in which case such Collaboration DART shall be deemed an SOPD Candidate; (ii) does not accept such Collaboration DART as an SOPD Candidate, but either desires to continue evaluation of such Collaboration Dart in accordance with subsection (b) or to continue the relevant Program with respect to other Collaboration DARTs; or (iii) does not accept such Collaboration DART as an SOPD Candidate and does not desire to continue the relevant Program, in which case this Agreement shall terminate with respect to such Program and such termination shall be treated as a termination under Section 10.2(b).

(b) If a Collaboration DART that has achieved the SOPD Candidate Criteria is not accepted by BI as an SOPD Candidate in accordance with Section 3.5(a), then within *** after such Collaboration DART was first submitted to BI as an SOPD Candidate (the "SOPD Candidate Review Period") BI shall have the right, by providing written notice to MacroGenics to accept any such Collaboration DART as an SOPD Candidate, and BI shall research, Develop, manufacture and Commercialize such SOPD Candidate in accordance with the terms of this Agreement. If upon expiration of the applicable SOPD Candidate Review Period the relevant Collaboration DART has not been accepted by BI as an SOPD Candidate, then (i) the licenses granted to BI under ARTICLE V with respect to such Collaboration DART shall terminate and (ii) if no Collaboration DART has been accepted as an SOPD Candidate for the relevant Program, BI shall provide MacroGenics written notice of whether BI (A) desires to continue the relevant Program with respect to other Collaboration DARTs; or (B) does not desire to continue the relevant Program, in which case this Agreement shall terminate with respect to such Program and such termination shall be treated as a termination under Section 10.2(b).

(c) In the event that BI initiates *** with respect to any Collaboration DART that has not previously been accepted by BI in accordance with Section 3.5(b), BI shall provide MacroGenics written notice of such initiation, BI shall ***.

(d) BI shall pay any applicable milestone payment as set forth in Section 6.4(a)(ii) for the *** from each Program that BI accepts as an SOPD Candidate pursuant to subsections (a), (b) or (c) of this Section 3.5. For the sake of clarity, BI has the right to select additional Collaboration DARTs from the same Program.

(e) If following end of the Research Term and any SOPD Candidate Review Period ongoing at the end of the Research Term there is any Program for which no Collaboration DART has been accepted by BI as an SOPD Candidate, whether pursuant to subsections (a), (b) or (c) of this Section 3.5, then this Agreement shall terminate with respect to such Program and such termination shall be treated as a termination under Section 10.2(b).

3.6 Materials and Know-How Transfer.

(a) In order to facilitate any Program, each Party shall, as set forth in the applicable Research Plan, provide to the other Party certain tangible biological materials including *** ("Materials") and, subject to Section 3.7, Know-How Controlled by the supplying Party (other than under this Agreement) for use by the other Party in furtherance of such Program. MacroGenics shall furthermore transfer to BI the ***. The transfer of any such Materials shall be conducted pursuant to the terms of this Agreement, including the following:

(b) All Materials and Know-How supplied by one Party to the other Party shall remain the sole property of the supplying Party, except those MacroGenics Collaboration Antibodies as further outlined in Section 3.6(c) below, and shall be used (i) only for the specific purpose provided for in the applicable Research Plan, and (ii) solely under the control of the receiving Party. In the event a receiving Party uses Materials provided by the supplying Party for purposes other than for the specific purpose provided in the applicable Research Plan, the supplying Party shall solely own any results, discoveries or inventions arising out of such use and the receiving Party hereby assigns to the supply Party all right, title and interest in such results, discoveries or inventions. The Materials may not be used or delivered to or for the benefit of any Third Party without the prior written consent of the supplying Party, and shall not be used in research or testing involving human subjects, except as expressly contemplated in the applicable Research Plan or in accordance with this Agreement. Any Materials supplied by one Party to the other Party must be used with prudence and appropriate caution in any experimental work, since not all of their characteristics may be known. All Materials shall be returned to the supplying Party or destroyed (at the election of the supplying Party) promptly after completion of the permitted use. The use of the Materials shall comply with restrictions and conditions on use (if any) imposed by Third Parties.

(c) MacroGenics Collaboration Antibodies created in accordance with Section 1.55(a), including Know-How that is solely and specifically related to such MacroGenics Collaboration Antibodies, shall be solely owned by BI, and MacroGenics shall not use such MacroGenics Collaboration Antibodies and/or such Know-How for any other purpose, either alone or in collaboration with any Third Party.

(d) THE MATERIALS ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY

PARTICULAR PURPOSE OR ANY WARRANTY THAT THE USE OF THE MATERIALS WILL NOT INFRINGE OR VIOLATE ANY PATENT OR OTHER PROPRIETARY RIGHTS OF ANY THIRD PARTY.

3.7 Third Party Intellectual Property. In developing each Research Plan, the Parties shall discuss whether any Third Party Patent Rights or Know-How will be utilized in the conduct of activities under the applicable Research Plan. MacroGenics shall disclose to BI the details of the payment obligations of which it is aware that would be triggered by such use of Third Party Patent Rights or Know-How in the respective Program. To the extent that the Parties mutually agree to utilize any Patent Right or Know-How that is licensed to or has been acquired by MacroGenics and such utilization would require the payment of additional consideration to the Third Party from which the Patent Rights or Know-How was licensed or acquired, such Patent Rights or Know-How shall not be deemed under the Control of MacroGenics unless the Parties agree ***. For purposes of clarity, nothing in this Section 3.7 shall limit BI's rights to, independent of MacroGenics, obtain from a Third Party a license or other right with respect to such Third Party's Patent Rights or Know-How.

3.8 Manufacturing of Research Material. MacroGenics shall be responsible for the production of all Collaboration DARTs and Products for research testing purposes in accordance with the Research Plans. For clarity, BI shall be entitled to manufacture Collaboration DARTs and Products during the Research Term.

3.9 Records and Reports.

(a) Records. Each Party shall maintain records, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall fully and properly reflect all work done and results achieved in the performance of each Program by or on behalf of such Party (the "Records"), including the procedures, techniques and methodologies used, the progress made, and any inventions conceived and/or reduced to practice or otherwise made within the scope of or in connection with each Program. As part of keeping the Records, each Party shall ensure that all of its personnel, and all of its agents that are involved in each Program will keep accurate laboratory notebooks, which laboratory notebooks: (i) shall be duly signed, dated and witnessed; and (ii) shall be created and maintained in accordance with its standard operating procedures that would be sufficient to allow for said laboratory notebooks to be used in any proceedings before the United States Patent and Trademark Office or United States courts, in order to establish the date of invention for any inventions in accordance with the United States patent laws. During the Term of this Agreement, MacroGenics shall upon written request by BI, which shall not be unreasonably made: (A) make all Records available for inspection and review by BI during normal business hours in a timely manner; and (B) provide copies of the Records or any part(s) thereof to BI, as reasonably requested by BI. After each Collaboration DART has been accepted by BI as SOPD Candidate, BI shall have the right to request a copy of the relevant portions of the laboratory notebooks relating to the generation of such SOPD Candidate be provided by MacroGenics to BI. After such request by BI, MacroGenics shall provide such copies of the laboratory notebooks promptly to BI.

(b) Reports to the JSC and JRC. Within ten (10) Business Days prior to each scheduled JSC and JRC meeting, the Parties shall provide to the JSC and JRC a written

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report on the progress of each Program, summarizing the work performed under the Program and evaluating the work performed in relation to the goals of each Program. Each Party shall provide such other information required by each Program or reasonably requested by the other Party and reasonably available, relating to the progress of the goals or performance of each Program.

ARTICLE IV

DEVELOPMENT AND COMMERCIALIZATION OF PRODUCTS; DILIGENCE

4.1 Responsibility for Development, Manufacturing and Commercialization.

(a) Following acceptance of an SOPD Candidate, BI shall have full responsibility, at its sole expense, for the worldwide research, Development, manufacturing and Commercialization of such SOPD Candidate and any Products that include such SOPD Candidate. BI shall use Commercially Reasonable Efforts (itself or through an Affiliate or Sublicensee) to Develop and, following Regulatory Approval, Commercialize at least ******* Product with respect to each Collaboration Target in at least ******* of the following *** (i) ***, (ii) *** and (iii) ***.

(b) MacroGenics shall, following BI's reasonable request therefor and at BI's expense, provide to BI, or its designated Affiliate or Third Party manufacturer selected by BI to manufacture the Products, reasonable technical assistance, manufacturing Know-How, including Materials, and material specifications Controlled by MacroGenics that are necessary for BI, its Affiliate or such Third Party manufacturer to manufacture the Products.

4.2 Development and Commercialization Activities.

(a) Clinical Development Plans. For each Product for which BI initiates a ***, BI shall prepare a clinical development plan outlining the major clinical Development activities that BI expects to undertake, including anticipated timescales, relating to the Product up to the submission of the initial NDA for the applicable Product (each, a "Clinical Development Plan"). It is understood that each Clinical Development Plan is intended to be a fluid document and is subject to change by BI based on, among other things, changes in the market, discussions with investigators and Regulatory Authorities and the results of studies undertaken. Subject to the provisions of ARTICLE VIII, during the Term, BI shall provide MacroGenics a copy of *******. The Clinical Development Plans will be created, approved, and amended according to BI's then-current internal standards and processes for such Clinical Development Plans. The responsibility to provide a Clinical Development Plan for a particular Product shall terminate if BI ceases further Clinical Development of such Product.

(b) Progress Reports. After the end of the Research Term and continuing until the First Commercial Sale of the respective SOPD Candidate or Product, BI shall provide within ******* days after *** of each Calendar Year a written progress report to MacroGenics which summarizes the activities undertaken and the data obtained in the prior ******* to Develop each SOPD Candidate or Product for which BI has paid a milestone according to Section 6.4(a)(i).

4.3 Conduct of Phase I Clinical Trial. In the event that either Party reasonably desires for ***, such Party shall submit a written request to the other Party, together with a draft protocol, clinical plan and a proposed budget prepared in good faith by such Party; provided that ***. In the event that the Parties agree to the conduct of such ***, the Parties shall establish the JDC in accordance with Section 2.3(b). *** its out-of-pocket expenses, specifically identifiable and documented and FTE costs incurred in connection with any such ***. Together with each Invoice, ***. For avoidance of doubt, ***. All results and data of such ***.

4.4 Co-Development.

(a) Generally. Within *** months prior to the initiation of a *** for any Product, BI shall provide MacroGenics with (i) an updated progress report (in accordance with Section 4.2(b)); (ii) BI's then current Development Plan and budget for the Clinical Development Costs (the "Co-Development Budget") with respect to such Product; (iii) then available documentation for IND update for such Product, and MacroGenics may reasonably request that BI provides additional information to such Product and BI shall provide MacroGenics with such information as reasonably available for such Product unless such information is proprietary and confidential information of BI related to BI Biopharmaceutical Technology; (iv) clinical study summaries from prior Clinical Trials conducted with such Product; and (v) copies of material correspondence with Regulatory Authorities with respect to such Product relevant for *** (collectively, the "Development Data Package"). MacroGenics shall have the option, exercisable with respect to *** Products, to co-fund up to *** of BI's Clinical Development Costs which are incurred after the date of such written notice and *** for such Product. MacroGenics may exercise such option by providing BI written notice within *** days after receipt of the Development Data Package, and such Product shall be deemed to be a "Co-Development Product". MacroGenics shall specify in such notice the percentage of BI's Clinical Development Costs for the Co-Development Product that MacroGenics intends to co-fund (the "MacroGenics Shared Percentage"). In the event, MacroGenics does not provide a written notification to BI within such ***day period, such Product will automatically be excluded from such co-development option under this Section 4.4 and MacroGenics shall automatically be deemed to have waived its co-development option right with regard to such Product.

(b) Effects of Co-Development Opt-In. If MacroGenics delivers such written notice as described above for a Co-Development Product, the following shall apply:

(i) MacroGenics shall be responsible for the applicable MacroGenics Shared Percentage of BI's Clinical Development Costs which are incurred for such Co-Development Product after the date of such written notice and until the Filing of the first NDA in a Major Country (including Filing of an NDA with the EMA) for such Product (the "Co-Development Obligations"); provided in no event shall MacroGenics be obligated to fund any portion of such Clinical Development Costs that exceeds *** of the Clinical Development Costs provided for in the Co-Development Budget (with a corresponding *pro rata* reduction in the royalty increase MacroGenics would receive as set forth in more detail in Section 4.4(b)(iii)). BI shall remain solely responsible for Development and manufacturing activities for such Co-Development Product.

(ii) After MacroGenics has delivered such written notice and within *** following each of the Calendar Quarters I (January to March), II (April to June), and III (July to September), BI shall issue an invoice to MacroGenics for the MacroGenics Shared Percentage of the Clinical Development Costs based on budgeted cost for the respective Calendar Quarter. Within *** following the end of the Calendar Quarter IV (October to December), BI shall provide to MacroGenics *** with respect to such Co-Development Product, as certified by BI's senior controlling staff. Simultaneously, BI shall issue an invoice in the amount of the MacroGenics Shared Percentage of the Clinical Development Costs actually incurred by BI for such Calendar Year deducting the payments received for Calendar Quarters I, II and III. In the event the actual Clinical Development Costs for the Calendar Year surpass the budgeted amount by more than *******, the stipulations of Section 4.4(b)(i) will apply. MacroGenics shall pay all amounts payable under any such invoice within thirty (30) days after its receipt of such invoice. ***.

(iii) The applicable royalty rates set forth in Section 6.6 payable on each Co-Development Product shall be increased by ******* of the Clinical Development Cost co-funded by MacroGenics. For example, if MacroGenics co-funds ******* of the Clinical Development Costs for such Co-Development Product, the applicable *** by *******. If MacroGenics co-funds less than the MacroGenics Shared Percentage of the Clinical Development Costs for a Co-Development Product because actual expenses exceeded BI's budget forecast by more than ******* of the Clinical Development Costs for such Co-Development Product, then MacroGenics shall receive *** on such Co-Development Product based on its percentage share of the actual Clinical Development Costs in accordance with the formula set forth in this Section 4.4(b)(iii).

(c) Termination of Co-Development. Upon not less than ******* prior written notice to BI, MacroGenics may elect to discontinue its Co-Development Obligations with respect to a Co-Development Product in which case the following shall apply:

(i) Upon the effective date of termination of the Co-Development Obligations, MacroGenics shall have no further obligations to co-fund the Clinical Development Costs with respect to such Co-Development Product.

(ii) The *** payable on such Co-Development Product shall be calculated based on the formula set forth in Section 4.4(b)(iii) above.

4.5 Co-Promotion.

(a) Generally. MacroGenics shall have the non-transferable option to co-promote in the United States up to ******* Products whose initial indication is Detailed by *** (the "Co-Promotion Option"). Within ******* prior to BI's anticipated commercial launch for any such Product, BI shall provide MacroGenics *** and BI's then-current Commercialization plans ("Commercialization Plan") with respect to such Product, which Commercialization Plan shall include*******

(b) Effects of Exercise of Co-Promotion Option. If MacroGenics exercises its Co-Promotion Option the Parties shall promptly and in good faith negotiate a definitive co-promotion agreement consistent with the terms and conditions outlined in Schedule 4.5(b)I, prior to the initiation of the co-promotion efforts contemplated hereby with the procedures described in Schedule 4.5(b)II applying to any failure by the Parties to agree on the terms of such separate agreement within ******* days following the start of such negotiations. Such co-promotion agreement shall require MacroGenics to comply with all applicable Laws and with BI's policies and guidelines relating to the marketing of the co-promoted Product. Notwithstanding the foregoing, in the event that a Product for which MacroGenics exercised its Co-Promotion Option ***.

(c) Waiver of Co-Promotion Option. In the event MacroGenics does not exercise its Co-Promotion Option during the specified period described above, then (i) MacroGenics shall automatically be deemed to have waived its Co-Promotion Option with regard to the applicable Product; and (ii) the rights granted to BI hereunder with respect to such Product in the United States shall remain exclusive.

ARTICLE V

GRANTS OF RIGHTS

5.1 Licenses to BI.

(a) Non-Exclusive Research License to BI. Subject to the terms and conditions of this Agreement, MacroGenics hereby grants to BI: (i) during the Research Term and any applicable Lead Candidate Review Period or SOPD Candidate Review Period, a worldwide, royalty-free, non-exclusive license, with the right to grant sublicenses in accordance with Section 5.4, under the MacroGenics Intellectual Property solely to the extent necessary to (A) conduct activities assigned to it under each Research Plan or (B) evaluate the data developed in the conduct of activities under the Research Plans during any applicable Lead Candidate Review Period or SOPD Candidate Review Period.

(b) Exclusive License to BI. Subject to the terms and conditions of this Agreement, MacroGenics hereby grants to BI an exclusive (even as to MacroGenics), worldwide, royalty-bearing, license, including the right to grant sublicenses in accordance with Section 5.4, under the MacroGenics Intellectual Property and MacroGenics' interest in the Joint Intellectual Property and Collaboration DART Intellectual Property to research, Develop, make and have made, use, offer for sale, sell, export and import Collaboration DARTs and Products in the Territory and in the Field.

5.2 Recordation. Following the execution of this Agreement or at any time during the Term, MacroGenics at the request and expense of BI shall promptly register or record the licenses granted to BI under this Agreement with the appropriate patent offices in all applicable countries of the Territory; provided that such registration or recordation specifies the applicable limitations of such license, and provided further that such registration shall have no

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effect on the allocation of Prosecution and Maintenance rights and obligations set forth in ARTICLE VII. In the event the licenses granted to BI under this Agreement are terminated, BI shall promptly take such actions and execute such documents as are reasonably requested by MacroGenics to cancel such registration(s) or recordation(s) in the applicable countries with respect to the terminated license grants.

5.3 Non-Exclusive Research License to MacroGenics. Subject to the terms and conditions of this Agreement, during the Research Term, BI grants to MacroGenics, and MacroGenics accepts, a worldwide, royalty-free non-exclusive license, with the right to grant sublicenses in accordance with Section 5.4, under the BI Intellectual Property solely to the extent necessary to conduct activities assigned to it under each Research Plan.

5.4 Sublicenses.

(a) BI shall have the right to grant sublicenses under the licenses granted to it under Section 5.1 to (i) Affiliates of BI at any time, and (ii) (A) under Section 5.1(a) to Third Parties that are specifically approved in a Research Plan or otherwise approved by the JSC, in each case solely to the extent necessary to carry out obligations under such Research Plan; and (B) under Section 5.1(b) to Third Parties; provided that any sublicense granted to a Third Party under this Agreement shall be pursuant to a written agreement that subjects such sublicensee to all relevant restrictions and limitations set forth in this Agreement. ***BI shall remain responsible for the performance of its sublicensees, and shall insure that each sublicensee comply with the applicable terms and conditions of this Agreement.

(b) MacroGenics may grant sublicenses under the rights granted to it in Section 5.2 to (i) Affiliates of MacroGenics, or (ii) Third Parties that are specifically approved in a Research Plan or otherwise approved by the JSC, in each case solely to the extent necessary to carry out obligations under each Research Plan; provided that any sublicense granted to a Third Party under this Agreement shall be pursuant to a written agreement that subjects such sublicensee to all relevant restrictions and limitations set forth in this Agreement.

5.5 Covenant not to Sue. In the event the making, having made, use, offer for sale, sale or import by BI and/or its Affiliates of Product(s) in accordance with the terms and conditions of this Agreement would infringe during the Term a claim of issued letters patent which, subject to Section 3.7, MacroGenics Controls and which patent is not covered by the licenses granted to BI pursuant to Section 5.1 MacroGenics hereby covenants not to sue BI and/or its Affiliates under such issued letters patent solely for the development, making, having made, using, selling, offering for sale or importing Product(s) in the Territory and in the Field.

5.6 Rights Retained by the Parties.

(a) Except as expressly set forth in this Agreement, neither Party shall acquire any license or other intellectual property interest, by implication or otherwise, in any Confidential Information disclosed to it under this Agreement or under any Patent Rights or Know-How Controlled by the other Party or its Affiliates. Without limiting the generality of the foregoing, any of MacroGenics' rights to MacroGenics Intellectual Property not specifically licensed to BI shall be retained by MacroGenics, and any of BI's rights to BI Intellectual Property not specifically licensed to MacroGenics shall be retained by BI.

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(b) Notwithstanding the licenses granted to BI pursuant to Section 5.1, MacroGenics retains the right to practice under the MacroGenics Intellectual Property: (i) solely to perform (and to sublicense Third Parties to perform) its obligations under this Agreement and (ii) to perform, and grant Third Parties the non-exclusive right to perform, internal research related *** existing *** prior to the Effective Date or created or acquired by *** of the conduct of any Program; provided that any such license granted to a Third Party does not specifically include a license to research any Collaboration DART or Product.

5.7 Section 365(n) of the Bankruptcy Code. All rights and licenses granted under or pursuant to any section of this Agreement are and will otherwise be deemed to be for purposes of Section 365(n) of the United States Bankruptcy Code (Title 11, U.S. Code), as amended (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined in Section 101(35A) of the Bankruptcy Code. The Parties will retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code. Each Party agrees that the other Party, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code or any other provisions of applicable Law outside the United States that provide similar protection for "intellectual property." The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the U.S. Bankruptcy Code or analogous provisions of applicable Law outside the United States, the other Party will be entitled to a complete duplicate of (or complete access to, as appropriate) such intellectual property and all embodiments of such intellectual property, which, if not already in such Party's possession, will be promptly delivered to it upon such Party's written request thereof. Any agreements supplemental hereto will be deemed to be "agreements supplementary to" this Agreement for purposes of Section 365(n) of the Bankruptcy Code.

5.8 Exclusivity. During *** the Parties agree to work exclusively with one another within the scope of the collaboration, *** of molecules, derivatives thereof, or products created from ***. In addition, each Party agrees as follows:

(a) MacroGenics Exclusivity.

(i) Subject to the exceptions set forth in Section 5.8(c), except with respect to research, Development and Commercialization activities pursuant to this Agreement, MacroGenics and its Affiliates shall not, nor shall MacroGenics or its Affiliates grant rights to Third Parties to, research, Develop or Commercialize any *** or *** using ***.

(ii) On a BI Exclusive Target-by-BI Exclusive Target basis, MacroGenics and its Affiliates shall not, nor shall MacroGenics or its Affiliates grant rights to Third Parties to, research, Develop or Commercialize any molecule or product using *** that is *** during the earlier of ***

(b) BI Exclusivity. Subject to the exceptions set forth in Section 5.8(c), except with respect to ***. For the avoidance of doubt, and subject to the immediately preceding sentence, BI shall have the right to research, Develop and Commercialize any molecule or product ***

(c) Exceptions. The prohibitions set forth in Sections 5.8(a) and 5.8(b) do not apply to any of the following:

(i) with respect to activities by MacroGenics, subject to Section 5.8(a)(ii), the Development and Commercialization of molecules and products Directed to Terminated Targets, however without using any MacroGenics *** created by ***, including Know-How that is solely and specifically related to such MacroGenics ***;

(ii) subject to Section 5.8(a)(ii), any molecule or product Directed against a single Target included in a Collaboration Target, however with respect to activities by MacroGenics without using any MacroGenics *** created by ***, including Know-How that is solely and specifically related to such MacroGenics ***; and

(iii) where a Party's or its Affiliate's (the "Acquiring/Acquired Party") involvement in such activity results from its acquisition of or by a Third Party (by merger or otherwise), and such Third Party was engaged in such activity prior to such acquisition or merger; provided that (A) the Acquiring/Acquired Party shall not provide any such Third Party with rights or access to MacroGenics Intellectual Property (where MacroGenics or its Affiliate is the Acquiring/Acquired Party) or BI Intellectual Property (where BI or its Affiliate is the Acquiring/Acquired Party) for use in connection with activities prohibited by Section 5.8 if undertaken by the Acquiring/Acquired Party, and (B) in the case where the Acquiring/Acquired Party acquires a Third Party (by merger or otherwise), the Acquiring/Acquired Party does not expand the scope of, or increase the financial commitment to, such Third Party activities, from what it was immediately prior to the acquisition.

For the avoidance of doubt and for purposes of this Section 5.8(c) product shall not be inclusive of any Product including Collaboration DARTs.

ARTICLE VI

PAYMENTS; ROYALTIES AND REPORTS

6.1 Initial License Payment. In consideration of the rights to MacroGenics Intellectual Property granted herein within *** of the later of the Effective Date and receipt of Invoice and duly signed original of the Agreement, BI shall pay to MacroGenics a non-creditable and non-refundable sum of Fifteen Million Dollars ($15,000,000).

6.2 Equity Investment. BI or any of its Affiliates and MacroGenics shall enter good faith negotiations with the objective of completing such negotiations within *** after the Effective Date regarding the terms and conditions of a definitive stock purchase agreement

whereby BI or any of its Affiliates shall purchase Ten Million Dollars ($10,000,000.00) of Preferred Stock of MacroGenics. The pricing of such Preferred Stock shall be no less than $0.6521 per share. The other terms will be no less favorable to MacroGenics' current investors as the terms and conditions established in the Series D-2 equity documentation. If BI and MacroGenics are not able to conclude and execute a definitive stock purchase agreement within *** of the Effective Date, *** and require that *** of Preferred Stock on the same terms and conditions as purchased by existing Series D-2 investors, including a share price of ***, under a definitive stock purchase agreement executed by both Parties. ***.

6.3 Programs Funding.

(a) Maintenance Payments. In consideration of the rights to MacroGenics Intellectual Property granted herein, BI shall pay MacroGenics the following non-refundable, non-creditable, non-accountable amounts: (***** within *******of receipt of an Invoice, which shall be provided by MacroGenics to BI on or after*******of the Effective Date; *******within ******* of receipt of a written Invoice, which shall be provided by MacroGenics to BI on or after*******of the Effective Date; and *******within *******of receipt of a written Invoice, which shall be provided by MacroGenics to BI on or after *******of the Effective Date (each a "Maintenance Payment").

(b) Out-of Pocket Costs and FTE Payments.

(i) Out-of-Pocket Costs. BI shall reimburse MacroGenics all out-of-pocket costs specifically identifiable, documented and incurred by MacroGenics and payable to Third Parties in connection with any Program, as specifically contemplated in the applicable Research Plan, in accordance with agreed upon budget for such expenses set forth in each such Research Plan or as otherwise agreed to by BI. BI shall reimburse such out-of-pocket costs within thirty (30) days after receipt of an Invoice issued by MacroGenics within thirty (30) days after the end of each Calendar Quarter describing such costs in reasonable detail and providing appropriate supporting documentation. For avoidance of doubt, no out-of-pocket costs will be reimbursed by BI unless covered by an agreed upon budget for such expenses set forth in a Research Plan.

(ii) MacroGenics Committed FTEs. It is the Parties' intent that the Research Plans will require ******* FTEs each Calendar Quarter in the performance of the activities under the Research Plans during the Initial Research Term, and both Parties will use reasonable efforts to limit substantial reductions ******* from Calendar Quarter to Calendar Quarter). During the Research Term, on or before the later of thirty (30) days of BI's receipt of an Invoice thereof, and the first day of each Calendar Quarter, BI shall pay MacroGenics the FTE Costs for ******* during such Calendar Quarter; provided that such payment shall be pro-rated in the first and last Calendar Quarters of the Research Term. For purpose of clarity, during the period of time from the Effective Date through the end of 2011, such quarterly payment shall be equal to *******. Together with each Invoice, MacroGenics shall provide supporting documentation certified by MacroGenic's chief financial officer for the purpose of verifying the calculation of the FTE charges paid by BI, for the previous Calendar Quarter. In the event that MacroGenics provides ******* in a Calendar Quarter to perform activities under the Research Plans, then following the end of such Calendar Quarter MacroGenics shall provide a written Invoice for such additional

FTEs together with supporting documentation certified by MacroGenics' chief financial officer for the purpose of verifying the calculation of FTEs to be charged to and paid by BI. BI shall pay such Invoiced amounts within thirty (30) days after receipt of the respective Invoice after each Calendar Quarter. In case that the supporting documentation shows that BI has overpaid the FTE payments for such Calendar Quarter, MacroGenics will, together with the supporting documentation, send BI a credit note for the amount overpaid, upon which BI may credit the amount overpaid against any FTE payments due by BI, or in case no further FTE payments are due by BI, MacroGenics will within thirty (30) days refund the amount overpaid to BI. Notwithstanding the foregoing, BI shall not be entitled to a credit for any such overpayment in the event that such overpayment is a result of BI modifying any of the then current Research Plans to require ******* MacroGenics FTEs in the aggregate, provided that MacroGenics had the capacity and was willing to commit the number of FTEs required under the original Research Plan.

(iii) Additional MacroGenics FTEs. In the event that BI requests, and MacroGenics agrees to provide, ******* to perform activities under the Research Plans, the number of FTEs set forth in subclause (ii) above shall be increased to account for such additional FTEs and BI shall reimburse MacroGenics its FTE Costs for such additional FTEs in accordance with subclause (ii) above.

6.4 Development Milestone Payments.

(a) Development Milestone Payments. BI shall pay to MacroGenics the following non-refundable, non-creditable milestone payments with respect to the ******* Collaboration DART or Product in the each Program, as applicable, upon the *** occurrence of the applicable milestone event by such Collaboration DART or Product in each Program. In the event ******* Product is developed in the same Program which is not a Replacement Product, then the development and sales milestone payments set forth in Sections 6.4(a)(ii—xi) and 6.5(a)(i – iii), respectively shall be reduced by******* for such additional Product achieving each specified milestone event. ******* Notwithstanding the foregoing, if (x) Development of a Product in a Program is terminated after milestone payment(s) have been made with respect to such Product; and (y) a different Product in such Program is selected to replace the terminated Product ("Replacement Product"), then there shall be ******* due upon achievement of the same milestones by such Replacement Product for which MacroGenics already received a milestone payment for the original Product. For the purposes of this Section 6.4 and Section 6.5, a Product in a Program shall be different from another Product in such Program ***.

Milestone Event	Payment
***	***
***	***
***	***
***	***

Milestone Event	Payment
***	***
***	***
***	***
***	***
***	***
***	***
***	***

(b) If the milestone set forth in Section 6.4(a)(ii) is achieved with respect to the ******* Product in a Program prior to the achievement of the milestone set forth in Section 6.4(a)(i) for such Product, then the milestone payment set forth in Section 6.4(a)(i) shall be due and payable simultaneously with the payment of the later milestone event.

(c) If any milestone set forth in Section 6.4(a)(iii) is achieved with respect to the ******* Product in a Program prior to the achievement of the milestone set forth in Section 6.4(a)(i) or (ii) for such Product, then (x) with respect to the ******* such Product the milestone payments set forth in Section 6.4(a)(i) and/or (ii) and (y) with respect to the ******* such Product the milestone payment set forth in Section 6.4(a)(ii) shall be due and payable simultaneously with the payment for achievement of the later milestone event.

(d) Payment of Milestones. BI shall provide written notice to MacroGenics of the achievement of any milestone event set forth in Section ******* after the occurrence of such milestone event and shall make the corresponding milestone payment within thirty (30) days after receipt of an Invoice therefor.

6.5 Sales Milestone Payments.

(a) Sales Milestone Payments. BI shall make the non-refundable, non-creditable payments to MacroGenics set forth below upon the earliest achievement of each of the corresponding milestone events by the *** Product within each Program to achieve such milestone:

Milestone Event	Payment
(i) First occurrence of aggregate worldwide Net Sales of the Product of greater than*** in a Calendar Year	***

Milestone Event	Payment
(ii) First occurrence of aggregate worldwide Net Sales of the Product of greater than *** in a Calendar Year	***
(iii) First occurrence of aggregate worldwide Net Sales of the Product of greater than *** in a Calendar Year	***

(b) Payment of Milestones. BI shall make the milestone payments required by Section 6.5(a) in accordance with Section 6.7. For purposes of clarity, more than one of the sales milestone payments may be earned concurrently based on the same Net Sales of the applicable Product. *******

6.6 Royalties. On a Product-by-Product basis, BI shall pay to MacroGenics royalties on the worldwide Net Sales as provided in this Section 6.6:

(a) Royalty Rate. BI shall pay MacroGenics royalties on Net Sales of Products at the following rates *** with respect *** achieved during the applicable Calendar Year:

Annual Net Sales Threshold	**Royalty Rate**
(i) On the first *** in Annual Net Sales	***
(ii) On that portion of Annual Net Sales greater than *** but less than ***	***
(iii) On that portion of Annual Net Sales greater than ***	***

(b) Royalty Term. BI's royalty obligations to MacroGenics under this Section 6.6 shall expire on a country-by-country and Product-by-Product basis on the later of: (i) the expiration of the last Valid Claim within the MacroGenics Patent Rights, Joint Patent Rights, and/or Collaboration DART Patent Rights Covering such Product in such country, or (ii) the twelfth (12th) anniversary of the date of the First Commercial Sale by BI or any of its Affiliates or Sublicensees of such Product in such country (the "Royalty Term").

(c) Royalty Adjustments.

(i) Non Patented Product. In the event a Product is sold in a country and the composition of matter of the Product, or the use of such Product for an indication for which it has received Regulatory Approval and has been commercialized in such country is not covered by a Valid Claim within MacroGenics Patent Rights, Joint Patent Rights and/or Collaboration DART Patent Rights in such country, then the royalty rate for such Product in such country shall be reduced by *******.

(ii) Generic Competition. In the event that a Product faces Generic Competition in a particular country of the Territory, the applicable royalty rate for such country for such Product shall be reduced to by ******* during the applicable Calendar Quarter in which such Generic Competition exists.

(iii) Third Party Offset. If BI determines in good faith that, in order to avoid infringement of any Patent Right not licensed hereunder that Covers a Collaboration DART or Product, it is reasonably necessary to obtain a license from a Third Party in order to Develop, Commercialize, make, have made, use, offer for sale, sell or import such Collaboration DART or Product in a country in the Territory and to pay a royalty or other consideration under such license (including in connection with the settlement of a patent infringement claim), then (A) the royalty payments due under Article VI with respect to Net Sales for such Product in such country shall be reduced by *** of the amount payable by BI to such Third Party that are reasonably and appropriately allocable to the Collaboration DART or Product in such country, and/or (B) the milestone Payments due under Section 6.4(a)(iv-xi) and Section 6.5 with respect to the respective milestone payment for such Product if the Product is the *** Product in a Program for which milestones are due shall be reduced by *** of the amount payable by BI to such Third Party that are reasonably and appropriately allocable to the Collaboration DART or Product, provided, however, that (1) BI shall not be *** related to a Collaboration DART or Product to a Third Party that occur prior to *** for the relevant Collaboration DART or Product; and (2) in no event shall the aggregate deductions under this Section 6.6(c) reduce the royalty rate paid by BI in respect of Net Sales of such Product pursuant to Section 6.6(a) to less than *** and with respect to the milestone payments due under *** and Section 6.5 more than *** for such *** Product in a Program. For purposes of clarity, milestone payments which are due for the *** Product in a Program that is not a Replacement Product shall not be subject to any offset under this Section 6.6(c)(iii). BI shall be entitled to accumulate amounts permitted to be deducted in a prior period, but not deducted on account of such minimum royalty percentage, and deduct such amounts in a future period.

(d) No Further Deductions. Except as expressly provided in this Section 6.6, there shall not be any offsets to or deductions from the royalties payable pursuant to this Section 6.6.

6.7 Reports; Payments. Within *** after the end of each Calendar Quarter during which there are Net Sales giving rise to a payment obligation under Section 6.5 or 6.6, BI shall submit to MacroGenics a report identifying for each Product, the Net Sales for such Product for each country for such Calendar Quarter, the calculation of royalties (including gross sales and all deductions taken from gross sales), and the royalties and the sales milestones payable to MacroGenics. Concurrently with each such report, BI shall pay to MacroGenics all royalties and sales milestones payable by it under Sections 6.5 and 6.6.

6.8 Books and Records; Audit Rights. Each Party (the "Audited Party") shall keep (and, in the case of BI, shall cause its Affiliates and Sublicensees to keep) complete, true and accurate books and records in accordance with its Accounting Standards in sufficient detail for the other Party (the "Auditing Party") to determine the payments due and costs incurred under this Agreement. Each Auditing Party shall have the right, once annually at its own expense, to have an independent, certified public accounting firm of nationally recognized standing, selected by the Auditing Party and reasonably acceptable to the Audited Party, review any such records of the Audited Party in the location(s) where such records are maintained by the

Audited Party upon reasonable notice (which shall be no less than *** prior notice) and during regular business hours and under obligations of strict confidence, for the sole purpose of verifying the accuracy of the amounts paid under this Agreement within a *** period preceding the date of the request for review. The report of such accounting firm shall be limited to a certificate stating whether any report made or invoice or payment submitted by the Audited Party during such period is accurate or inaccurate and the actual amounts of Clinical Development Costs, FTE Costs, MacroGenics out-of-pocket expenses under Section 6.3(b)(i), and any payments under Section 3.7, and the amount of any Net Sales, milestone or royalty discrepancy. No other information shall be provided to the Auditing Party. The Audited Party shall receive a copy of each such report concurrently with receipt by the Auditing Party. Should such inspection lead to the discovery of a discrepancy to the Auditing Party's detriment, the Audited Party shall pay the amount of the discrepancy within *** after its receipt from the accounting firm of the certificate showing the amount of the discrepancy. The Auditing Party shall pay the full cost of the review unless the underpayment of milestones, royalties, FTE Costs, MacroGenics out-of-pocket expenses under Section 6.3(b)(i) and/or Clinical Development Costs is greater than ******* of the amount due for the applicable period, in which case the Audited Party shall pay the reasonable costs charged by such accounting firm for such review. Any overpayment of royalties by BI revealed by an inspection shall be fully-creditable against future royalty payments under Section 6.6.

6.9 Taxes.

(a) If Laws require withholding by BI of any taxes imposed upon MacroGenics on account of any royalties and/or payments, paid under this Agreement, such taxes shall be deducted by BI as required by Law from such remittable royalty and/or payment and shall be paid by BI to the proper tax authorities. Official receipts of payment of any withholding tax shall be secured and sent to MacroGenics as evidence of such payment. The Parties shall exercise their best efforts to ensure that any withholding taxes imposed are reduced as far as possible under the provisions of any relevant tax treaty.

6.10 United States Dollars. All dollar ($) amounts specified in this Agreement are United States dollar amounts.

6.11 Payment Method and Currency Conversion. Except as otherwise provided herein, all payments due to a Party hereunder shall be due and payable within *** after receipt of an invoice from the other Party and shall be paid via a bank wire transfer to such bank account as such Party shall designate. For the purposes of determining the amount of any sales milestone payment under Section 6.5 or royalties due for the relevant Calendar Quarter under Section 6.6, the amount of Net Sales in any foreign currency shall be converted into United States dollars in accordance with the normal business practice of BI. In accordance with BI's normal business practice, when Products are sold for monies other than Euro, the earned royalties in such countries will be determined by (a) converting the Net Sales in each country in the Territory into Euro, using the monthly exchange rates as customarily used by BI in its regular accounting system (as of the Effective Date, using the monthly exchange rates published by the European Central Bank (ECB) in Frankfurt/Main, Germany) and (b) calculating the respective royalty payments per country based on the respective Euro values.

6.12 Blocked Payments. If by reason of applicable Laws in any country in the Territory, it becomes impossible or illegal for BI or its Affiliates or Sublicensees to transfer, or have transferred on its behalf, milestones, royalties or other payments to MacroGenics, BI shall promptly notify MacroGenics of the conditions preventing such transfer and such royalties or other payments shall be deposited in local currency in the relevant country to the credit of MacroGenics in a recognized banking institution with a good creditworthiness designated by MacroGenics or, if none is designated by MacroGenics within thirty (30) days, in a recognized banking institution selected by BI or its Affiliate or Sublicensee, as the case may be, and identified in a written notice given to MacroGenics. If so deposited in a foreign country, BI shall provide, or cause its Affiliate or Sublicensee to provide, reasonable cooperation to MacroGenics so as to allow MacroGenics to assume control over such deposit as promptly as practicable.

6.13 Late Payments. Payments not made within *** after the due dates pursuant to the terms of this Agreement, shall bear interest at a rate of the *** U.S. dollar LIBOR rate effective for the date that payment was due (as published in The Wall Street Journal, Eastern Edition) *** annum, Calculation of interest will be made for the exact number of days the payment was past due based on a year of 360 days (actual/360).

ARTICLE VII

PATENTS

7.1 Ownership.

(a) Each Party shall exclusively own all Know-How and Inventions, invented solely by employees, agents and consultants of such Party or its Affiliates, and any Patent Rights related thereto subject to the licenses granted under ARTICLE V and except as set forth in Section 7.1(b). Inventions invented jointly by employees, agents, or consultants of the Parties or their Affiliates ("Joint Intellectual Property" and any Patent Rights included in such Joint Intellectual Property, "Joint Patent Rights" and any Know-How included in such Joint Intellectual Property, "Joint Know-How") shall be Jointly Owned, subject to the licenses granted under ARTICLE V. Inventorship shall be determined in accordance with U.S. patent Laws for purposes of determining ownership in accordance with the foregoing.

(b) Notwithstanding Section 7.1(a), Collaboration DART Patent Rights regardless of the inventorship shall be Jointly Owned by the Parties, subject to the licenses granted under ARTICLE V and (i) MacroGenics hereby assigns to BI a ******* undivided interest in any such Collaboration DART Patent Right that is solely owned by MacroGenics and (ii) BI hereby assigns to MacroGenics a ******* undivided interest in any such Collaboration DART Patent Right that is solely owned by BI.

(c) Except as expressly provided in this Agreement, and subject to any restrictions herein (including the licenses granted under ARTICLE V), with respect to Joint Intellectual Property (other than Collaboration DART Patent Rights), each joint owner may assign, license, sell or otherwise encumber or transfer any such interest without the prior written approval of the other Party and without obligation to account or provide compensation to the other Party.

(d) With respect to Collaboration DART Patent Rights, (i) each joint owner may only assign, license, sell or otherwise encumber or transfer any such interest *** of the other Party, subject to Section 5.4, which shall not be unreasonably withheld; provided, however, (ii) that either Party may, ***, assign its interest in such Collaboration DART Patent Rights, in whole or in part, to any of ***; provided further that such Affiliate agrees to be bound by the obligations hereunder with respect to such Collaboration DART Patent Rights and the assigning Party shall remain jointly and severally liable with such Affiliate in respect of all obligations so assigned. Any such *** assignment, license or other disposition under (i) or (ii) of such Collaboration DART Patent Rights shall at all times be and remain subject to the rights granted and accompanying conditions and obligations with respect thereto under this Agreement. ***.

7.2 BI Prosecution and Maintenance of Patent Rights. Subject to Section 7.4, BI shall be responsible for the Prosecution and Maintenance of the BI Patent Rights, including any related interference, opposition, re-examination, re-issue, revocation or any official proceeding involving patents and patent applications, at its sole expense.

7.3 MacroGenics Prosecution and Maintenance of Patent Rights. Subject to Section 7.4 MacroGenics shall be responsible for the Prosecution and Maintenance of the MacroGenics Patent Rights, including any related interference, opposition, re-examination, re-issue, revocation or any official proceeding involving patents and patent applications, at its sole expense.

7.4 Prosecution and Maintenance of Joint Patent Rights and Collaboration DART Patent Rights. The Prosecution and Maintenance of any Joint Patent Right and/or Collaboration DART Patent Right shall be through a mutually selected U.S. patent counsel. Within sixty (60) days following the Effective Date, the Parties shall agree on a patent counsel ("Joint Counsel") who shall be engaged by both Parties for the Prosecution and Maintenance of all Collaboration DART Patent Rights and Joint Patent Rights (the "Joint Counsel Patent Rights"). The following terms shall apply to each Joint Counsel Patent Right:

(a) Joint Counsel shall give BI and MacroGenics (or each Party's designee) an opportunity to review the text of each application, office action response or other substantive document for a Joint Counsel Patent Right before filing with any patent office in the Territory, shall incorporate BI's and MacroGenics' (or each Party's designee) reasonable comments with respect thereto, and shall supply BI and MacroGenics (or each party's designee) with a copy of each such application, office action response or other substantive document as filed, together with notice of its filing date and serial number. In the event that MacroGenics and BI provide Joint Counsel with conflicting instructions regarding filing, prosecuting and maintaining a Joint Counsel Patent Right, Joint Counsel shall make the Parties aware of such conflicting instructions and, if the Parties are not able to resolve such conflict within a reasonable time prior to the applicable filing deadline, the Joint Counsel shall take such action as would reasonably expected to maximize the scope, extent and coverage of such Joint Counsel Patent Right. For any Collaboration DART Patent Right that claims an invention which was solely invented by MacroGenics and Covers improvements to the DART Platform not specifically related to the ******* shall become solely owned by MacroGenics (and BI shall and hereby does assign all right, title, and interest it has in such Collaboration DART Patent Right to

MacroGenics) and become a MacroGenics Patent Right subject to the licenses granted under ARTICLE V. For any Collaboration DART Patent Right that claims an invention which was solely invented by BI and Covers *** such Collaboration DART Patent Right shall become solely owned by BI (and MacroGenics shall and hereby does assign all right title and interest it has in such Collaboration DART Patent Right to BI) and become a BI Patent Right. In the event that such Collaboration DART Patent Right becomes a MacroGenics Patent Right or a BI Patent Right, the Parties shall cooperate with each other to (1) amend the MacroGenics Patent Right or a BI Patent Right to delete any claims Covering the Collaboration DART or its method of use or method of manufacture, and (2) file, prosecute and maintain a divisional or continuation application of said Collaboration DART Patent Right having claims Covering the Collaboration DART or its method of use or method of manufacture and which will remain a Collaboration DART Patent Right Jointly Owned by the Parties.

(b) Both Parties shall cooperate with Joint Counsel in Prosecution and Maintenance of patent applications for Joint Counsel Patent Rights, including providing Joint Counsel with data and other information as appropriate with respect thereto.

(c) Joint Counsel shall keep BI and MacroGenics advised of the status of the Prosecution and Maintenance of Joint Counsel Patent Rights, including actual and prospective patent filings for Joint Counsel Patent Rights and shall provide each Party with advance copies of any papers related thereto. Joint Counsel shall promptly give notice to BI and MacroGenics of the grant, lapse, revocation, surrender, invalidation, or abandonment of any Joint Counsel Patent Rights.

(d) The Parties shall ******* charged by Joint Counsel with respect to the Prosecution and Maintenance of Joint Counsel Patent Rights and all other mutually agreed and approved out-of-pocket costs and expenses incurred by either Party in connection with such Prosecution and Maintenance of Joint Counsel Patent Rights.

(e) Should BI decide that it does not wish to continue paying for the Prosecution and Maintenance of a particular Joint Counsel Patent Right, BI shall notify MacroGenics and Joint Counsel at least *******in advance of the next deadline and shall allow MacroGenics to assume responsibility for such Prosecution and Maintenance payments incurred after ******* after receipt of BI's notice. If MacroGenics assumes such responsibility, then: (i) MacroGenics may designate any counsel of its choice to handle the Prosecution and Maintenance of such Joint Counsel Patent Right and it shall cease to be part of the Joint Counsel Patent Rights and no further royalty obligations shall exist under this Agreement with respect thereto, (ii) BI shall lose its licenses to such Joint Counsel Patent Right under ARTICLE V and the covenant not to sue under Section 5.5 shall not apply with respect to such Joint Counsel Patent Right, and (iii) BI shall and hereby does transfer and assign all right, title and interest in said Joint Counsel Patent Right to MacroGenics as the sole owner. If MacroGenics decides not to assume such responsibility, then it shall instruct Joint Counsel to abandon the Prosecution and Maintenance of such Collaboration DART Patent Right and/or Joint Patent Right.

(f) Should MacroGenics decide that it does not wish to continue paying for the Prosecution and Maintenance of a particular Joint Counsel Patent Right, MacroGenics shall notify BI and Joint Counsel at least ******* in advance of the next deadline and

shall allow BI to assume responsibility for such Prosecution and Maintenance payments incurred after ***after receipt of MacroGenics' notice. If BI assumes such responsibility, then: (i) BI may designate any counsel of its choice to handle the Prosecution and Maintenance of such Joint Counsel Patent Right and it shall no longer be considered a Joint Patent Right or Collaboration DART Patent Right, as applicable, (ii) such Joint Counsel Patent Right shall be deemed a BI Patent Right; and (iii) MacroGenics shall and hereby does transfer and assign all right, title and interest in said Joint Counsel Patent Right to BI as the sole owner. If BI decides not to assume such responsibility, then it shall instruct Joint Counsel to abandon the Prosecution and Maintenance of such Joint Counsel Patent Right.

7.5 Third Party Infringement.

(a) Notice. Each Party shall promptly report in writing to the other Party any known or suspected (i) infringement of any of the MacroGenics Patent Rights, BI Patent Rights, Joint Patent Rights, or Collaboration DART Patent Rights, or (ii) unauthorized use or misappropriation of any of the MacroGenics Know-How, BI Know-How, Joint Know-How or Collaboration DART Know-How of which such Party becomes aware, and shall provide the other Party with all available evidence regarding such known or suspected infringement or unauthorized use.

(b) Initial Right to Enforce. Subject to Section 7.5(c), BI shall have the first right, but not the obligation, to initiate a lawsuit or take other reasonable action to (i) enforce the Joint Patent Rights and Collaboration DART Patent Rights and (ii) enforce the MacroGenics Patent Rights solely with respect to an infringement by a Third Party infringing the relevant MacroGenics Patent Rights by making, using or selling a product that competes with a Product. Notwithstanding the foregoing sentence, BI shall not initiate any such lawsuit or other enforcement action asserting any such MacroGenics Patent Rights, Joint Patent Rights or Collaboration DART Patent Rights without first consulting with MacroGenics and giving good faith consideration to any reasonable objection from MacroGenics regarding BI's proposed course of action. MacroGenics shall cooperate in the prosecution of such suit as may be reasonably requested by BI, including joining any action as party-plaintiff at BI's sole discretion; provided that BI shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) agreed by BI in advance and actually incurred by MacroGenics in connection with such cooperation.

(c) Step-In Right. If BI does not initiate a lawsuit or take other reasonable action pursuant to Section 7.5(b) with respect to any MacroGenics Patent Rights, Joint Patent Rights or Collaboration DART Patent Rights, then MacroGenics shall have the right (in cases where MacroGenics has standing), but not the obligation, to initiate such lawsuit or take such other action, ******* and giving good faith consideration to BI's reason(s) for not initiating a lawsuit or taking other action. For this purpose, BI shall cooperate in the prosecution of such suit as may be reasonably requested by MacroGenics, including joining any action as party-plaintiff at BI's sole discretion; provided that MacroGenics shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) agreed by MacroGenics in advance and actually incurred by BI in connection with such cooperation.

(d) Conduct of Certain Actions; Costs. The Party initiating legal action shall have the sole and exclusive right to select counsel for any suit initiated by it pursuant to Section 7.5(b) or 7.5(c) (the "Initiating Party"). The Initiating Party shall bear its own out-of-pocket costs incurred in any such legal action, including the fees and expenses of the counsel selected by it. The other Party shall have the right to participate and be represented in any such legal action (in cases where such other Party has standing) by its own counsel at its own expense. The Initiating Party shall have the final say about the strategy and decisions in the suit and any settlement.

(e) Recoveries. Any amounts recovered in any action or settlement of any such action shall be allocated first to *** incurred in such action and any reward remaining shall be allocated to the Initiating Party; provided that if BI is the Initiating Party, with respect to any remaining portion of such recovery, MacroGenics shall receive either (i) ***.

(f) Section on Patent Disputes under U.S. Biologics Price Competition and Innovation Act of 2009. Each Party shall immediately give written notice to the other Party of any notice received from a Third Party of an application for FDA approval under the U.S. Biologics Price Competition and Innovation Act of 2009 (or any amendment or successor statute thereto) for a biosimilar biologic product referencing a Product or any certification under a similar statutory or regulatory requirement in any non-United States country in the Territory claiming that a Collaboration DART Patent Right, Joint Patent Right or MacroGenics Patent Right covering any Product is invalid or unenforceable or that infringement will not arise from the Development, manufacture or Commercialization of a proposed biosimilar biologic product by a Third Party. Upon the giving or receipt of such notice, BI shall have the first right, but not the obligation, to bring an infringement action against such Third Party in connection with such certification. In the case of a MacroGenics Patent Right, Joint Patent Right or Collaboration DART Patent Right, BI shall notify MacroGenics in writing of its intent to exercise, or not exercise, this right at least ******* prior to the date set forth by statute or regulation for the patent owner to take its initial action in such proceedings. MacroGenics shall have the right to initiate such an action if BI provides written notice of its intent not to exercise such right or fails to provide any notice of intent at least ******* prior to the date set forth by statute or regulation for the patent owner to take its initial action in such proceedings. The non-Initiating Party in any such action shall cooperate with the Initiating Party in accordance with Sections 7.5(b) and (c), as applicable. All other prelitigation, litigation, settlement, costs, and recovery matters in a patent dispute under the U.S. Biologics Price Competition and Innovation Act of 2009 or any certification under a similar statutory or regulatory requirement in any non-United States country in the Territory shall additionally be governed by the provisions of Section 7.5(a) to 7.5(e) for Third Party Infringement generally.

7.6 Patent Invalidity Claim. Each Party shall promptly notify the other in the event of any legal or administrative action by any Third Party against a MacroGenics Patent Right, BI Patent Right, Joint Patent Right or Collaboration DART Patent Right of which it becomes aware, including any nullity, revocation, reexamination or compulsory license proceeding. BI shall have the first right, but not the obligation, at its expense, to defend against any such action relating to the BI Patent Rights, Joint Patent Rights and/or Collaboration DART Patent Rights. If BI does not defend against any such action involving a Joint Patent Right and/or Collaboration DART Patent Right, then MacroGenics shall have the right, but not the

obligation, to defend such action at MacroGenics' expense. MacroGenics shall have the first right, but not the obligation, at its expense, to defend against any such action relating to the MacroGenics Patent Rights.

7.7 Patent Term Extensions. BI shall have full and exclusive right to determine and control all filings of requests for any patent term extensions or supplemental patent certificates or their equivalents in any country in the Territory for any Joint Patent Right, Collaboration DART Patent Right and BI Patent Right, and all costs and expenses relating thereto shall be paid by BI. MacroGenics shall have full and exclusive right to determine and control all filings of requests for any patent term extensions or supplemental patent certificates or their equivalents in any country in the Territory for any MacroGenics Patent Right and all costs and expenses relating thereto shall be paid by MacroGenics. The Parties shall reasonably cooperate with each other in obtaining patent term extensions or supplemental protection certificates or their equivalents in any country in the Territory, where applicable to MacroGenics Patent Rights.

7.8 Patent Marking. BI shall mark Products sold by BI, its Affiliates and/or Sublicensees in such countries and to such extent where BI and MacroGenics mutually agree and as otherwise required to comply with patent marking statutes in the applicable country.

ARTICLE VIII

CONFIDENTIALITY AND PUBLICATION

8.1 Nondisclosure Obligation. The Parties agree that during the Term, and for a period of ******* thereafter, a Party receiving Confidential Information of the other Party shall (a) maintain in confidence such Confidential Information to the same extent such Party maintains its own confidential information, (b) not disclose such Confidential Information to any Third Party without the prior written consent of the other Party, and (c) not use such Confidential Information for any purpose except those permitted by this Agreement.

8.2 Authorized Disclosure. Notwithstanding Section 8.1, a Party may disclose Confidential Information of the other Party to the extent such disclosure is reasonably necessary in the following instances:

(a) Prosecuting and Maintaining Patent Rights;

(b) filings with Regulatory Authorities;

(c) complying with applicable Laws and/or submitting information to tax or other Governmental Authorities; provided that if the receiving Party is required by Law to make any public disclosures of Confidential Information of the disclosing Party, to the extent it may legally do so, it will give reasonable advance notice to the disclosing Party of such disclosure and will use its reasonable efforts to secure confidential treatment of such Confidential Information prior to its disclosure (whether through protective orders or otherwise);

(d) to its Affiliates, and to prospective and actual acquirers, licensees, Sublicensees, employees, consultants, agents, accountants, lawyers, advisors and investors, on a

need to know basis, each of whom prior to disclosure must be bound by written obligations of confidentiality and non-use equivalent in scope to those set forth in this ARTICLE VIII and that are of reasonable duration in view of the circumstances of the disclosure; and

(e) to the extent mutually agreed to in writing by the Parties.

8.3 Scientific Publications. During the Research Term, neither Party shall first publish or first present in a public forum the scientific or technical results of any activities performed pursuant to this Agreement without the opportunity for prior review and comment by the other Party. Each Party agrees to provide the other Party with the opportunity to review any proposed abstracts, manuscripts or scientific presentations (including verbal presentations) which relate to its activities performed pursuant to this Agreement at least ******* prior to its intended submission for publication and agrees, upon request, not to submit any such abstract or manuscript for publication until the other Party is given a reasonable period of time ******* secure patent protection for any material in such publication which it believes to be patentable. Both Parties understand that a reasonable commercial strategy may require delay of publication of information or filing of patent applications first. The Parties agree to review and decide whether to delay publication to permit filing of patent applications. Neither Party shall have the right to publish or present Confidential Information of the other Party. Nothing contained in this Section 8.3 shall prohibit the inclusion of information necessary for a patent application, provided that the non-filing Party is given a reasonable opportunity to review the information to be included prior to submission of such patent application. For avoidance of doubt any publication shall be consistent with BI's internal publication strategy. After the Research Term, BI and its Affiliates may publish or present any results, data or scientific findings of any activities performed pursuant to this Agreement without the prior review of MacroGenics. After the Research Term, neither MacroGenics nor its Affiliates may publish or present any results, data or scientific findings of any activities performed pursuant to this Agreement without prior review and prior written consent of BI.

8.4 Press Releases and Other Permitted Disclosures.

(a) MacroGenics and BI each agree not to disclose any terms and conditions of this Agreement to any Third Party, except as described below in this Section 8.4. The press release announcing the collaboration contemplated by this Agreement is set forth in Schedule 8.4, and the Parties will cooperate in the release thereof as soon as practicable after the Effective Date. Subject to the other provisions of this Agreement, no other press release, public statement or disclosure concerning the existence or terms of this Agreement shall be made, either directly or indirectly, by either Party, without first obtaining the written approval of the other Party, which such approval shall not be unreasonably withheld or delayed ******* following submission to the approving Party of a draft of the respective press release, public statement or disclosure. In no event shall such subsequent press releases, public statements or disclosures by MacroGenics disclose, if previously undisclosed, ***; provided that MacroGenics may disclose the receipt of any milestone event but not the actual amount of such milestone payment under this Agreement. Once any public statement or disclosure has been approved in accordance with this Section 8.4, then either Party may appropriately communicate information contained in such permitted statement or disclosure.

(b) Either Party may disclose the existence and terms of this Agreement in confidence:

(i) (A) to its attorneys, professional accountants, and auditors, and (B) bankers or other financial advisors in connection with an initial public offering, private financing or other strategic transaction, or corporate valuation for internal purposes; provided that any such disclosure to such professional accountants, auditors, bankers or other financial advisors is under an agreement to keep the terms of confidentiality and non-use no less rigorous than the terms contained in this Agreement and to use such information solely for the applicable purpose permitted pursuant to this Section 8.4(b)(i);

(ii) to potential acquirers (and their respective attorneys and professional advisors), in connection with a potential merger, acquisition or reorganization; provided that (A) the Party making the disclosure has a bona fide offer (e.g., a signed letter of intent) from such Third Party for such a transaction, and (B) such disclosure is under an agreement to keep the terms of confidentiality and non-use no less rigorous than the terms contained in this Agreement and to use such information solely for the purpose permitted pursuant to this Section 8.4(b)(ii);

(iii) to existing or potential investors, lenders or permitted assignees of such Party (and their respective attorneys and professional advisors); provided that such disclosure is under an agreement to keep the terms of confidentiality and non-use no less rigorous than the terms contained in this Agreement; and

(iv) to potential licensees or sublicensees or potential acquirors of such Party (and their respective attorneys and professional advisors); provided that ***

(c) Notwithstanding the foregoing provisions of this ARTICLE VIII, a Party may disclose the existence and terms of this Agreement, however excluding, as far as legally possible, Schedules 1.5, 1.47, 1.77, and 1.81, or a Party's or the Parties' activities under this Agreement where required, as reasonably determined by the legal counsel of the disclosing Party, by applicable Law, by applicable stock exchange regulation or by order or other ruling of a competent court, although, to the extent practicable, the other Party shall be given *** notice of any such legally required disclosure to comment and reasonably consider such comments provided by such Party on the proposed disclosure. To the Parties' common understanding, in case that either Party is obliged to publish the Agreement as "material agreement" in accordance with the U.S. stock exchange regulations ("SEC Filing"), the Agreement shall be redacted by the filing Party as far as legally possible, and the filing Party shall cooperate with the other Party reasonably in advance to such SEC Filing to enable the other Party to review and comment on the scope of such redaction.

ARTICLE IX

REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

9.1 Representations and Warranties of the Parties. BI and MacroGenics each represent, warrant and covenant to the other that:

(a) as of the Effective Date it has the authority and right to enter into and perform this Agreement and grant the rights embodied herein, and it is not aware of any legal impediment that could inhibit its ability to perform its obligations under this Agreement;

(b) as of the Effective Date its execution, delivery and performance of this Agreement does not conflict with, or constitute a breach of, any order, judgment, agreement or instrument to which it is a party or is otherwise bound;

(c) it shall comply in all material respects with all Laws applicable to its actions under this Agreement;

(d) as of the Effective Date no consent of any Third Party is required for such Party to grant the licenses and rights granted to the other Party under this Agreement or to perform its obligations hereunder;

(e) all of such Party's personnel and employees, and Third Parties, including agents and consultants, hired by such Party and involved in each Program or in the research, Development, manufacture or Commercialization of Collaboration DARTs or Products are or will be under a written obligation to assign to such Party any rights they may have in any Invention first invented, discovered, made, conceived and/or reduced to practice in the conduct of activities pursuant to the Programs or in the research, Development, manufacture or Commercialization of any Collaboration DARTs or Product; and

(f) it will not, after the Effective Date, enter into any written or oral contractual obligation with a Third Party that would be inconsistent with the obligations that arise on its part out of this Agreement or that would deprive the other Party of the benefits of or rights granted under this Agreement.

9.2 Representations and Warranties of MacroGenics. MacroGenics represents, warrants and covenants to BI, as of the Effective Date, that:

(a) MacroGenics will use commercially reasonable efforts in the Prosecution and Maintenance of the MacroGenics Patent Rights.

(b) MacroGenics has not previously assigned, transferred, conveyed or otherwise encumbered its right, title and interest in MacroGenics Intellectual Property in a manner inconsistent with the terms hereof;

(c) MacroGenics' execution, delivery and performance of this Agreement does not conflict with, or constitute a breach of, any term or condition of any agreement to which MacroGenics is a party;

(d) except with respect to patent and patent applications licensed to MacroGenics, MacroGenics is the legal and beneficial owner of the MacroGenics Patent Rights existing as of the Effective Date, free and clear of any liens, charges and encumbrances, and MacroGenics has valid and existing licenses to the MacroGenics Patent Rights not owned by MacroGenics;

(e) except as previously disclosed in writing to BI, to MacroGenics' knowledge, the conception, development and reduction to practice of the MacroGenics Intellectual Property has not constituted or involved the misappropriation of trade secrets of any Third Party or the infringement of issued Patent Rights of any Third Party;

(f) except as previously disclosed in writing to BI, MacroGenics has not received any written notice of any unauthorized use, infringement, misappropriation, or dilution by any person, including any current or former employee or consultant of MacroGenics, of any MacroGenics Intellectual Property; and

(g) that there are no claims, judgments, settlements pending or, to the knowledge of MacroGenics, any threatened actions with respect, to the extent licensed hereunder, to the MacroGenics Intellectual Property.

9.3 No Other Warranties. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, THE PARTIES MAKE NO REPRESENTATIONS AND EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND PARTICULARLY THAT PRODUCT(S) WILL BE SUCCESSFULLY DEVELOPED HEREUNDER, AND IF PRODUCT(S) ARE DEVELOPED, WITH RESPECT TO SUCH PRODUCT(S), THE PARTIES DISCLAIM ALL IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

9.4 Indemnification by BI. BI shall indemnify, hold harmless and defend MacroGenics, its Affiliates and all of their respective officers, directors, employees, agents, licensors and shareholders (collectively, the "MacroGenics Indemnitees") from and against any and all losses, damages, liabilities, judgments, fines, amounts paid in settlement, expenses and costs of defense (including reasonable attorneys' fees and witness fees) resulting from any demand, claim, action or proceeding brought or initiated by a Third Party (each a "Third Party Claim") against any MacroGenics Indemnitees(s) arising out of (a) a Default by BI; (b) the gross negligence or willful misconduct of BI or its Affiliates; or (c) the conduct of any Program or use of Collaboration DART or Product by, on behalf of or under authority of, BI (except with respect to the conduct of such activities by a MacroGenics Indemnitee); provided that (i) the MacroGenics Indemnitees shall comply with the procedures set forth in Section 9.6; and (ii) such indemnity shall not apply to the extent such Third Party Claim is caused by the negligence, willful misconduct or violation of Law by a MacroGenics Indemnitee.

9.5 Indemnification by MacroGenics. MacroGenics shall indemnify, hold harmless and defend BI, its Affiliates and all of their respective officers, directors, employees, agents, licensors and shareholders (collectively, the "BI Indemnitees") from and against any and all losses, damages, liabilities, judgments, fines, amounts paid in settlement, expenses and costs of defense (including reasonable attorneys' fees and witness fees) resulting from any Third Party

Claim against any BI Indemnitees(s) arising out of (a) a Default by MacroGenics; (b) the gross negligence or willful misconduct of MacroGenics or its Affiliates; or (c) the conduct of any Program or use of Collaboration DART or Product by, on behalf of or under authority of (except with respect to the conduct of such activities by a BI Indemnitee), MacroGenics, provided that (i) the BI Indemnitees shall comply with the procedures set forth in Section 9.6; and (ii) such indemnity shall not apply to the extent such Third Party Claim is caused by the negligence, willful misconduct or violation of Law by a BI Indemnitee.

9.6 Procedure. To be eligible for the MacroGenics Indemnitees to be indemnified hereunder, MacroGenics shall provide BI with prompt notice of the Third Party Claim giving rise to the indemnification obligation under this ARTICLE IX and the exclusive ability to defend or settle any such claim; provided however that BI shall not enter into any settlement for damages without MacroGenics' prior written consent, such consent not to be unreasonably withheld, delayed or conditioned. MacroGenics shall have the right to participate, at its own expense and with counsel of its choice, in the defense of any claim or suit that has been assumed by BI. To be eligible for the BI Indemnitees to be indemnified hereunder, BI shall provide MacroGenics with prompt notice of the Third Party Claim giving rise to the indemnification obligation under this ARTICLE IX and the exclusive ability to defend or settle any such claim; provided however that MacroGenics shall not enter into any settlement for damages without BI's prior written consent, such consent not to be unreasonably withheld, delayed or conditioned. BI shall have the right to participate, at its own expense and with counsel of its choice, in the defense of any claim or suit that has been assumed by MacroGenics.

9.7 Insurance. BI shall procure and maintain insurance or self-insurance, including product liability insurance, adequate to cover its obligations hereunder and which are consistent with normal business practices of prudent companies similarly situated, at all times during which any Product is being developed, clinically tested in human subjects or commercially distributed or sold by or on behalf of BI, its Affiliates or Sublicensees. MacroGenics shall procure and maintain insurance or self-insurance, including product liability insurance, adequate to cover its obligations hereunder and which are consistent with normal business practices of prudent companies similarly situated, at all times during which any Product is being developed, clinically tested in human subjects or commercially distributed or sold by or on behalf of MacroGenics, its Affiliates or Sublicensees. It is understood that such insurance or self-insurance shall not be construed to create a limit of a Party's liability with respect to its indemnification obligations under this ARTICLE IX. Each Party shall provide the other Party with written evidence of such insurance or self-insurance upon request. Each Party shall provide the other Party with written notice at least thirty (30) days prior to the cancellation, non renewal or material change in such insurance or self-insurance which could adversely affect rights hereunder.

9.8 No Consequential or Punitive Damages. EXCEPT WITH RESPECT TO (a) THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF EITHER PARTY UNDER THIS AGREEMENT WITH RESPECT TO THIRD PARTY CLAIMS; AND (b) A BREACH OF THE CONFIDENTIALITY OBLIGATIONS OF ARTICLE VIII, AND (c) A PARTY'S WILLFULL MISCONDUCT, NEITHER PARTY HERETO WILL BE LIABLE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS, ARISING FROM OR RELATING TO THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF SUCH DAMAGES.

ARTICLE X

TERM AND TERMINATION

10.1 Term and Expiration. This Agreement shall be effective as of the Effective Date and unless terminated earlier pursuant to Section 10.2, this Agreement shall continue in effect until the expiration of all royalty obligations hereunder (the "Term").

10.2 Termination.

(a) Termination of Agreement for Cause. This Agreement may be terminated at any time during the Term upon written notice by either Party (the "Non-Defaulting Party") upon Default of the other Party (the "Defaulting Party"), which Default remains uncured ******* written notice requesting cure of such Default. The Non-Defaulting Party shall provide written notice to the Defaulting Party, which notice shall identify the Default, the intent to so terminate and the actions or conduct that it considers would be an acceptable cure of such Default. If the Defaulting Party disputes the Default under this Section 10.2(a), then the issue of whether the Non-Defaulting Party may properly terminate this Agreement on expiration of the applicable cure period shall be resolved in accordance with ARTICLE XI. If as a result of such dispute resolution process, it is determined that the alleged Defaulting Party committed a Default and the Defaulting Party does not cure such Default within ******* after the date of such dispute resolution award (the "Additional Cure Period"), then such termination shall be effective as of the expiration of the Additional Cure Period. If the Parties dispute whether such Default was so cured, either Party alone may request the same tribunal to determine whether it was so cured, and the Parties shall cooperate to allow such determination to be made within ******* after such request by either Party. Such dispute resolution proceeding does not suspend any obligations of either Party hereunder, and each Party shall use reasonable efforts to mitigate any damage. If as a result of such dispute resolution proceeding it is determined that the alleged Defaulting Party did not commit such Default (or such Default was cured in accordance with this Section 10.2(a), the Additional Cure Period), then no termination shall be effective, and this Agreement shall continue in full force and effect. Notwithstanding the foregoing, in case that MacroGenics was previously subject to a Change of Control, MacroGenics shall not have the right to terminate this Agreement for ***.

(b) Termination With Respect to a Program. BI may elect to terminate the research, Development and/or Commercialization of any Program by providing MacroGenics with *** prior written notice and this Agreement shall terminate following such *** period solely with respect to the Program that is the subject of such termination notice; provided that during the ***.

(c) Termination if BI Challenges MacroGenics Patent Rights or Collaboration DART Patent Rights. If BI or any of its Affiliates or Sublicensees, directly or indirectly, (i) initiates or requests an interference or opposition proceeding with respect to any MacroGenics Patent Right or Collaboration DART Patent Right, (ii) makes, files or maintains any

claim, demand, lawsuit, or cause of action to challenge the validity or enforceability of any MacroGenics Patent Right or Collaboration DART Patent Right in a tribunal or forum, or (iii) opposes any extension of, or the grant of a supplementary protection certificate with respect to, any MacroGenics Patent Right or Collaboration DART Patent Right, MacroGenics shall have the right to terminate this Agreement upon *** written notice to BI. Any such termination shall only become effective if BI or its Affiliate or Sublicensee, as applicable, has not withdrawn such action before the end of the above notice period.

(d) Termination for Convenience. ******* BI shall have the right to terminate this Agreement at any time in its sole discretion by giving MacroGenics *** prior written notice; provided that *** invoiced prior to the effective date of such termination.

(e) Termination if MacroGenics Challenges Collaboration DART Patent Rights. If MacroGenics or any of its Affiliates or Sublicensees, directly or indirectly, (i) initiates or requests an interference or opposition proceeding with respect to any Collaboration DART Patent Right, (ii) makes, files or maintains any claim, demand, lawsuit, or cause of action to challenge the validity or enforceability of any Collaboration DART Patent Right in a tribunal or forum, or (iii) opposes any extension of, or the grant of a supplementary protection certificate with respect to, any Collaboration DART Patent Right, BI shall have the right to terminate this Agreement upon ******* written notice to MacroGenics. Any such termination shall only become effective if MacroGenics or its Affiliate or Sublicensee, as applicable, has not withdrawn such action before the end of the above notice period.

10.3 Effect of Termination on Licenses.

(a) If BI terminates this Agreement under Section 10.2(a) or Section 10.2(e): (i) BI's license pursuant to this Agreement, shall continue; provided however that BI shall continue to fulfill BI's payment and/or royalty obligations as specified herein; and provided further BI may ***, as determined (A) in a final decision of the arbitrators in accordance with Section 11.2 or a court of competent jurisdiction, which decision is not appealable or has not been appealed within the time allowed for appeal, or (B) by the Parties in a settlement agreement; and (ii) MacroGenics shall, within ******* after the effective date of such termination, return or cause to be returned to BI, copies of all BI Confidential Information and BI Intellectual Property and all Materials provided by BI, in each case with respect to any Terminated Product, except that MacroGenics may retain one copy of the BI Confidential Information solely for legal archive purposes, (iii) BI shall be released of its ongoing disclosure and information exchange obligations under ARTICLES III and IV, (iv) the JSC and its subcommittees shall not meet anymore, except to address matters relating to Patent Rights; and (v) MacroGencics' co-promotion option stipulated under Section 4.5 and the co-development option stipulated under Section 4.4 shall terminate.

(b) Upon termination of this Agreement in whole or with respect to a Terminated Product by BI under Section 10.2(b) or 10.2(d) or by MacroGenics under Section 10.2(a) or Section 10.2(c), then:

(i) BI's licenses pursuant to Section 5.1 shall terminate as of the effective date of termination with respect to all Terminated Products;

(ii) the Collaboration Targets to which the Terminated Products are Directed shall be deemed Terminated Targets;

(iii) BI shall, within ******* after the effective date of termination, return or cause to be returned to MacroGenics, copies of all MacroGenics Confidential Information and MacroGenics Intellectual Property and all Materials owned and provided by MacroGenics, in each case with respect to any Terminated Product; except that BI may retain one copy of the MacroGenics Confidential Information solely for legal archive purposes;

(iv) MacroGenics shall, within ******* after the effective date of termination, return or cause to be returned to BI, copies of all BI Confidential Information and BI Intellectual Property and all Materials provided by BI, in each case with respect to any Terminated Product, except that (A) MacroGenics may retain one copy of the BI Confidential Information solely for legal archive purposes and (B) MacroGenics may retain such BI Confidential Information, BI Intellectual Property and Materials solely to the extent necessary to research, Develop, make, have made, use, offer for sale, sell and import the Terminated Products in the Field in the Territory;

(v) At MacroGenics' request within ******* after the effective date of termination, BI will either *** (the choice of (A) or (B) being in BI's sole discretion), and (C) at MacroGenics' request BI will grant to MacroGenics a non-exclusive, worldwide, license to BI Intellectual Property, including the regulatory documentation defined in Section 10.3(b)(ix) below, however excluding BI Biopharmaceutical Technology, solely to the extent that such licenses are necessary to research, Develop, make, have made, use, offer for sale, sell and import the Terminated Products in the Field in the Territory. If MacroGenics has been *** pursuant to this Section 10.3(b)(v)(A) or (B), MacroGenics shall pay to BI (i) ******* Notwithstanding the foregoing, if MacroGenics has been *** pursuant to Section 10.3(b)(v)(C) only and has not been *** under Section 10.3(b)(v)(A) or (B), MacroGenics shall ******* a Product-by-Product basis, in each case in accordance with the applicable terms of ARTICLE VI (such as duration, adjustments, reports, audits and the like);

(vi) For a period of *******, BI and its Affiliates shall be entitled to finish work in progress and to sell any Collaboration DART(s) and/or Products remaining in inventory in accordance with the terms of this Agreement. Such sales shall be subject to the royalty provisions of this Agreement. Thereafter, MacroGenics shall have the option, exercisable within ******* following such ******* period, to obtain BI's inventory of Terminated Products at a *** for such inventory of Terminated Product to be ***. MacroGenics may exercise such option by written notice to BI during such ******* period;

(vii) In the event a Terminated Product has commenced ******* before the effective date of termination, the Parties will negotiate in good faith an *** to MacroGenics of BI's and its Affiliates' *** for the Terminated Products in the Field in the Territory) relating solely to the Terminated Product and owned by BI;

(viii) BI shall, in exchange for commercially reasonable terms to be negotiated in good faith between the Parties, use Commercially Reasonable Efforts to supply MacroGenics with comparable quantities of the Terminated Products in the dosage strength, formulation and presentation as were being Developed or Commercialized as of the effective date of termination until the earlier of *******

(ix) BI shall promptly *** and *** all *** and related rights *** and any other *** and other materials relating to *** of any Terminated Product, or *** or sell a Terminated Product); provided, that BI may retain a single copy of such items for its records;

(x) BI shall, and hereby *** to MacroGenics *** Collaboration DART included in *** that were invented solely by employees, agents or consultants of MacroGenics or its Affiliates. *** and

(xi) In the event that BI grants to MacroGenics an *** with respect to Collaboration DART Patent Rights, MacroGenics shall be solely responsible for the Prosecution and Maintenance of such Collaboration DART Patent Rights and with respect to any such Collaboration DART Patent Rights licensed to MacroGenics, MacroGenics *******

10.4 Change of Control. In the event of a Change of Control, provided all payments provided for herein are paid to MacroGenics's successor, BI shall have the following rights:

(a) BI shall be released of its ongoing disclosure and information exchange obligations under Sections 3.9(b) and 4.2; provided that BI on *** and

(b) The JSC shall not meet anymore, except to address matters relating to Patent Rights.

(c)*******

10.5 Effect of Expiration or Termination; Survival.

(a) Expiration or termination of the Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination. Any expiration or termination of this Agreement shall be without prejudice to the rights of either Party against the other accrued or accruing under this Agreement prior to expiration or termination, including the obligation to pay royalties for Product(s) sold prior to such expiration or termination. Termination of this Agreement shall be in addition to, and shall not prejudice, the Parties' remedies at law or in equity, including the Parties' ability to receive legal damages and/or equitable relief with respect to any breach of this Agreement, regardless of whether or not such breach was the reason for the termination.

(b) The provisions of Articles 1, 8, 11 and 12 and Sections 3.6(c), 7.1, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 10.3, 10.4 and 10.5 shall survive the expiration or termination of the Agreement.

ARTICLE XI

DISPUTE RESOLUTION

11.1 Seeking Consensus. If any dispute arises out of, in connection with or related to this Agreement, including disputes over the interpretation, performance, enforcement or breach of this Agreement, including any dispute that is not within the jurisdiction of the JSC (a "Dispute"), however excluding any dispute resolved in accordance with Section 2.5(c), then upon the written request of either Party, the matter shall be referred to the ***, who shall meet in a good faith effort to resolve the dispute within ***. If the Parties' *** cannot agree on a resolution of the Dispute within such ***period, then it shall be resolved pursuant to the remaining provisions of this ARTICLE XI.

11.2 Arbitration. The Parties shall negotiate in good faith and use reasonable efforts to settle any Dispute in accordance with Section 11.1. If the Parties do not fully settle a Dispute, and a Party wishes to pursue the matter, each such Dispute that is not an "Excluded Claim" shall be finally resolved by binding arbitration in accordance with the *** and judgment on the arbitration award may be entered in any court having jurisdiction thereof.

(a) The arbitration shall be conducted by ***. Within *** after initiation of arbitration, each Party shall select *** The place of arbitration shall be ***, and all proceedings and communications shall be in English.

(b) Either Party may apply to the arbitrators for interim injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either Party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any injunctive or provisional relief necessary to protect the rights or property of that Party pending the arbitration award. The scope of the authority of the arbitrators shall be limited to the strict application of law. The arbitrators shall have no authority to award punitive or any other type of damages not measured by a Party's compensatory damages. Each Party participating in an arbitration pursuant to the terms of this Agreement shall, subject to the award of the arbitrators, pay an equal share of the arbitrator's fees. The arbitrators shall have the power to award recovery of all costs (including reasonable attorney's fees, administrative fees, arbitrator's fees and court costs) to the prevailing party.

(c) Neither Party shall be required to give general discovery of documents, but may be required to produce documents or testimony which are relevant or considered relevant by the arbitrators to the dispute. It is the objective and intent of the Parties that any arbitration proceeding be conducted in such a manner that a decision will be rendered by the arbitrators ***, and the Parties and the panel selected in the manner provided above will adopt rules and procedures intended to implement such objective and intent.

(d) Except to the extent necessary to confirm or vacate an award or as may be required by law (including applicable securities laws or the rules of any stock exchange on which a Party's securities may then be listed), neither a Party nor an arbitrator may disclose the existence, content, or results of arbitration without the prior written consent of both Parties. In no event shall arbitration be initiated after the date when commencement of a legal or equitable proceeding based on the dispute, controversy or claim would be barred by the applicable *** statute of limitations.

(e) The Parties agree that any payments made pursuant to this Agreement pending resolution of the dispute shall be refunded or credited if an arbitrator or court determines that such payments are not due.

As used in this Section, the term "Excluded Claim" shall mean a Dispute that concerns (a) the validity or infringement of a patent, trademark or copyright; or (b) any antitrust, anti-monopoly or competition law or regulation, whether or not statutory.

11.3 Jury Waiver. Each of the Parties hereto irrevocably und unconditionally waives trial by jury in any legal action or proceeding relating to this Agreement.

ARTICLE XII

MISCELLANEOUS

12.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the ***, other than any principle of conflict or choice of laws that would cause the application of the laws of any other jurisdiction.

12.2 Waiver. Waiver by a Party of a breach hereunder by the other Party shall not be construed as a waiver of any succeeding breach of the same or any other provision. No delay or omission by a Party to exercise or avail itself of any right, power or privilege that it has or may have hereunder shall operate as a waiver of any right, power or privilege by such Party. No waiver shall be effective unless made in writing with specific reference to the relevant provision(s) of this Agreement and signed by a duly authorized representative of the Party granting the waiver.

12.3 Notices. All notices, instructions and other communications hereunder or in connection herewith shall be in writing, shall be sent to the address specified in this Section 12.3 and shall be: (a) delivered personally; (b) sent by registered or certified mail, return receipt requested, postage prepaid; or (c) sent via a reputable nationwide overnight courier service. Any such notice, instruction or communication shall be deemed to have been delivered upon receipt if delivered by hand or when transmitted with electronic confirmation of receipt, if transmitted by facsimile (if such transmission is on a Business Day; otherwise, on the next Business Day following such transmission), provided that an original document is sent via an internationally recognized overnight delivery service (receipt requested), three (3) Business Days after it is sent by registered or certified mail, return receipt requested, postage prepaid, one (1) Business Day after it is sent via a reputable nationwide overnight courier service.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

If to MacroGenics, to:	MacroGenics, Inc. 1500 East Gude Drive Rockville, MD 20850 Attention: Chief Executive Officer Facsimile: ***
with a copy to:	Wilmer Cutler Pickering Hale and Dorr LLP 399 Park Avenue New York, NY 10022 Attention: ******* Facsimile: *******
If to BI, to:	Boehringer Ingelheim International GmbH Binger Strasse 173 55216 Ingelheim am Rhein Germany Attention: *** Facsimile: *******
with a copy to:	Boehringer Ingelheim International GmbH Binger Strasse 173 55216 Ingelheim am RheinGermany Attn: *** Facsimile: ***

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith.

12.4 Entire Agreement; Amendment. This Agreement (including any Exhibits and Schedules) contains the complete understanding of the Parties with respect to the Development, manufacture and commercialization of Products and supersedes all prior understandings and writings relating to such subject matter. In particular, it supersedes and replaces the Prior Confidentiality Agreement and any and all term sheets relating to the transactions contemplated by this Agreement and exchanged between the Parties prior to the Effective Date. No amendment, change or addition to this Agreement will be effective or binding on either Party unless reduced to writing and duly executed on behalf of both Parties.

12.5 Headings. Headings in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

12.6 Severability. If any provision or portion thereof in this Agreement is for any reason held to be invalid, illegal or unenforceable, the same shall not affect any other portion of this Agreement, as it is the intent of the Parties that this Agreement shall be construed in such fashion as to maintain its existence, validity and enforceability to the greatest extent possible. In any such event, this Agreement shall be construed as if such clause of portion thereof had never

been contained in this Agreement, and there shall be deemed substituted therefor such provision as will most nearly carry out the intent of the Parties as expressed in this Agreement to the fullest extent permitted by applicable law.

12.7 Assignment. Neither this Agreement nor any right or obligation hereunder may be assigned or otherwise transferred by any Party without the consent of the other Party; provided, however, that any Party may, without such consent, assign this Agreement, in whole or in part: (a) to any of its respective Affiliates; provided that the assigning Party shall remain jointly and severally liable with such Affiliate in respect of all obligations so assigned, or (b) to any successor in interest by way of merger, acquisition or sale of all or substantially all of its assets to which this Agreement relates (an "M&A Event"); provided that such successor agrees in writing to be bound by the terms of this Agreement as if it were the assigning party. Any assignment not in accordance with this Section 12.7 shall be void. Each Party agrees that, notwithstanding any provisions of this Agreement to the contrary, if this Agreement is assigned by a Party in connection with an M&A Event, such assignment shall not provide the non-assigning Party with rights or access to any intellectual property or technology of the acquirer of the assigning Party. If BI assigns its rights and obligations hereunder to an Affiliate or Third Party ***

12.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Signatures provided by facsimile transmission or in Adobe™ Portable Document Format (PDF) sent by electronic mail shall be deemed to be original signatures.

12.9 Force Majeure. No Party shall be liable for failure of or delay in performing obligations set forth in this Agreement, and no Party shall be deemed in breach of its obligations, if such failure or delay is due to a natural disaster, explosion, fire, flood, tornadoes, thunderstorms, earthquake, war, terrorism, riots, embargo, losses or shortages of power, labor stoppage, substance or material shortages, events caused by reason of laws of any Governmental Authority, events caused by acts or omissions of a Third Party, or any other cause reasonably beyond the control of such Party, if the Party affected gives prompt notice of any such cause to the other Party. The Party giving such notice shall thereupon be excused from such of its obligations hereunder as it is thereby disabled from performing for so long as it is so disabled, provided, however, that such affected Party commences and continues to use its Commercially Reasonable Efforts to cure such cause.

12.10 Third-Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party other than a MacroGenics Indemnitee under Section 9.4 or BI Indemnitee under Section 9.5. No such Third Party shall obtain any right under any provision of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against either Party.

12.11 Relationship of the Parties. Each Party shall bear its own costs incurred in the performance of its obligations hereunder without charge or expense to the other, except as expressly provided in this Agreement. Neither Party shall have any responsibility for the hiring, termination or compensation of the other Party's employees or for any employee compensation

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

or benefits of the other Party's employees. No employee or representative of a Party shall have any authority to bind or obligate the other Party for any sum or in any manner whatsoever, or to create or impose any contractual or other liability on the other Party without said other Party's approval. For all purposes, and notwithstanding any other provision of this Agreement to the contrary, the legal relationship under this Agreement of each Party to the other Party shall be that of independent contractor. Nothing in this Agreement shall be construed to establish a relationship of partners or joint venturers between the Parties.

12.12 Performance by Affiliates. To the extent that this Agreement imposes obligations on Affiliates of a Party, such Party agrees to cause its Affiliates to perform such obligations and shall guarantee performance of this Agreement by its Affiliates. If any disagreement arises out of the performance of this Agreement by an Affiliate of a Party, or the alleged failure of an Affiliate or the alleged failure of an Affiliate to comply with the conditions and obligations of this Agreement, the Party seeking to resolve such dispute shall have the right do so directly with the other Party, without any obligation to first pursue an action against, or recovery from, the Affiliate which is alleged to have caused a breach of this Agreement.

12.13 Construction. Each Party acknowledges that it has been advised by counsel during the course of negotiation of this Agreement, and, therefore, that this Agreement shall be interpreted without regard to any presumption or rule requiring construction against the Party causing this Agreement to be drafted. Any reference in this Agreement to an Article, Section, subsection, paragraph, clause, Schedule or Exhibit shall be deemed to be a reference to any Article, Section, subsection, paragraph, clause, Schedule or Exhibit, of or to, as the case may be, this Agreement. Except where the context otherwise requires, (a) wherever used, the use of any gender will be applicable to all genders; (b) the word "or" is used in the inclusive sense (and/or); (c) any definition of or reference to any agreement, instrument or other document refers to such agreement, instrument other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein); (d) any reference to any Laws refers to such Laws as from time to time enacted, repealed or amended; (e) the words "herein", "hereof" and hereunder", and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof; and (f) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "but not limited to", "without limitation" or words of similar import.

12.14 Create Act. It is the intention of the Parties that this Agreement is a "joint research agreement" as that phrase is defined in 35 U.S.C. § 103(c)(3).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

BOEHRINGER INGELHEIM INTERNATIONAL GMBH		**MACROGENICS, INC**	
ppa.			
BY:	/s/ Dr. Klaus Wilgenbus	BY:	/s/ Scott Koenig
NAME:	Dr. Klaus Wilgenbus	NAME:	Scott Koenig
TITLE:	AUTHORIZED SIGNATORY	TITLE:	Chief Executive Officer
BY:	/s/ Dorothee Schwall-Rudolph		
NAME:	Dorothee Schwall-Rudolph		
TITLE:	AUTHORIZED SIGNATORY		

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 1.5

BI EXCLUSIVE TARGETS

1.*** ***

2.*** ***

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*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 1.28

DART PLATFORM

DART Platform comprises bispecific or monospecific proteins having at least two covalently linked polypeptide chains, A and B, where chain A comprises the ******* and chain B comprises the *******.

DART Platform proteins include but are not limited to:

***

***

A total of two pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 1.47

INITIAL COLLABORATION TARGETS

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*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 1.50

DRAFT INVOICE

Invoice To:
<<Company name>>
<<address>>

Invoice No. **#**
Invoice Date: **<<date>>**

Attention: <<name, title>>
BI Contract No.:

Invoice From:
<<Company name>>
<<address>>

Description			Amount
Pursuant to <<contract and section reference>>			
<<payment type>>			$ 0.00
	(i)		
	(ii)	Total	**$ 0.00**
Payment Due			
	(iii)		

Wire Instructions:

Bank Name: _____
Bank Address: _____
_____
Bank Contact: _____
Routing/transit: _____
Beneficiary: _____
Beneficiary Account #: _____

Payment Due: **<<contract payment terms>>**

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 1.58

MACROGENICS PATENT RIGHTS

Country	Application Serial No.	Date Filed	Publication No.	Status
***	***	***	***	***
***	***	***	***	***
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*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 1.77

RTP CRITERIA TEMPLATE

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*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

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Key:

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A total of three pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 1.81

SOPD CANDIDATE CRITERIA TEMPLATE

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*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

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Key:

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A total of two pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 4.5(b)I

CO-PROMOTION TERMS AND CONDITIONS

INTRODUCTION

Subject to the terms and conditions of the Collaboration and License Agreement, dated as of _____, 2010 (the "Collaboration and License Agreement") by and between Boehringer Ingelheim International GmbH and MacroGenics, Inc., MacroGenics has the option to co-promote up to *** Products in the United States (the "Co-Promotion Territory") by providing at least *** and up to *** of the total Details for such Product to only one class of specialty physicians ("Co-Promotion Audience") in the Co-Promotion Territory in accordance with the brand plan developed and approved annually by BI. This Exhibit outlines the framework for the co-promotion rights to be negotiated in good faith by the Parties upon exercise by MacroGenics of its Co-Promotion Option pursuant to Section 4.5 of the Collaboration and License Agreement, which framework the Parties agree will be reflected in a definitive co-promotion agreement ("Co-Promotion Agreement"). All capitalized terms not otherwise defined shall have the meanings given to such terms in the Collaboration and License Agreement.

1. GENERAL OBJECTIVE

Promoting and detailing the Product in the Co-Promotion Territory to optimize the commercialization of such Product in the Co-Promotion Territory for the Co-Promotion Collaboration and License Agreement.

2. GRANT OF CO-PROMOTION RIGHTS TO MACROGENICS

Subject to the terms of the definitive Co-Promotion Agreement:

2.1. Upon exercise of the Co-Promotion Option, MacroGenics will have the non-exclusive right and obligation, together with BI or its designee to co-promote the applicable Product to the Co-Promotion Audience in the Co-Promotion Territory.

2.2. MacroGenics will not (i) directly or indirectly sell, promote or Detail the Product or a competing product for any indication in the Co-Promotion Territory, other than pursuant to the Co-Promotion Agreement, or (ii) grant any rights to or permit or authorize any Third Party or Affiliate to co-promote and/or Detail the Product or competing product for any indication in the Co-Promotion Territory. For the purposes of the foregoing, "competing product" shall mean ***.

3. COMMITTEES AND PLANS

3.1. **U.S. Joint Commercialization Committee**

The Parties shall establish a U.S. Joint Commercialization Committee (the "U.S. JCC") comprised of an equal number of representatives, to assist in the commercialization of the relevant Product in the Co-Promotion Territory for the Co-Promotion Audience. The U.S. JCC shall be responsible for deployment of MacroGenics' and BI's field sales forces to ensure that the most recent U.S. brand plan is successfully implemented, and the required number of Details are being made to the appropriate targets. The U.S. JCC will review and implement the U.S. brand plan and adopt the designated target call list. The U.S. JCC will also work to ensure that the other elements and strategies set forth in the U.S. brand plan are successfully communicated between the Parties and implemented, and that all promotional materials are consistent with such targets. In the event any dispute is not resolved, ***. Each Party will bear its own costs, including travel and lodging costs, and any other expenses, for personnel serving on the U.S. JCC.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

3.2. **U.S. Brand Plan**

The Parties will co-promote the Product according to the most recent U.S. brand plan then in effect for such Product in the Co-Promotion Territory for the Co-Promotion Audience. ***. The U.S. JCC will review and implement the U.S. brand plan each Calendar Year during the term of the Co-Promotion Agreement as necessary from time to time (but no less than annually). The U.S. brand plan shall set forth a detailed plan for marketing and promotional tactics, implementation, target list, Detailing requirements, and a strategic marketing and promotional plan, MacroGenics personnel requirements, other resources and allocations of responsibilities between the Parties, in each case relating to the commercialization of such Product in the Co-Promotion Territory for the Co-Promotion Audience.

TRAINING AND COMMENCEMENT OF CO-PROMOTION

3.3. **Pre-Periods**

For the period of time extending from and after MacroGenics' exercise of its Co-Promotion Option pursuant to Section 4.5 of the Collaboration and License Agreement until the execution of the Co-Promotion Agreement, BI and MacroGenics will work together in order to prepare for the co-promotion of the Product in the Co-Promotion Territory for the Co-Promotion Audience.

3.4. **Field Sales Force Training/Product Materials/Expenses**

***. BI shall include MacroGenics' sales force in training programs with respect to the applicable Product that BI provides to its own sales representatives Detailing such Product; ***. BI shall provide to MacroGenics reasonable quantities of training materials appropriate to train sales representatives for the co-promotion of the Product for the Co-Promotion Audience in the Co-Promotion Territory in accordance with the recent U.S. brand plan.

4. CUSTOMER AND TRADE CONTACTS

*** responsible for all contacts with wholesalers, retailers and all other Third Party entities, including hospitals, clinical centers, governmental entities, etc., consistent with the strategies set forth in the most recent updated U.S. brand plan.

DETAILING

4.1. **Co-Promotion Efforts**

Both BI and MacroGenics will deploy their respective sales representatives effectively to co-promote the Product for the Co-Promotion Audience in the Co-Promotion Territory in accordance with the terms of the Co-Promotion Agreement and the most recent U.S. brand plan. In conducting such co-promotion, each Party will use its commercially reasonable efforts consistent with generally accepted pharmaceutical industry business practices and in compliance with applicable laws. Each Party will have and maintain a formalized comprehensive compliance plan and program in place during the term of the Co-Promotion Agreement designed to ensure compliance with its obligations under the Co-Promotion Agreement. Each Party will review with the other Party, the policies and procedures created and maintained thereunder. Representatives of each Party, or their designees, will meet periodically to evaluate each other's marketing and promotional practices in order to ensure that they remain compliant with the laws and industry practices. If either Party considers that the other's marketing and/or promotional practices under the Co-Promotion Agreement are not appropriately compliant, such Party may bring such matter to the U.S. JCC, which will then decide how best to proceed.

4.2. **Detailing Requirements**

MacroGenics will be responsible for performing at least *** and up to *** of the total Details target set forth in the then current U.S. brand plan.

4.3. **Increases in Detailing**

Each Party, in its sole discretion, may increase its Detailing activities above its Detailing requirements at any time and at its own cost and expense. Any such increase will not obligate the other Party to increase its Detailing activities or incur and increase cost, Detailing fees and/or expense, including promotional expenses or require BI to provide additional quantities of promotional materials or sample packs than are required in the most recent updated U.S. brand plan. In addition, any increase in Detailing will be coordinated with the other Party so that the strategies set forth in the most recent updated U.S. brand plan are followed.

4.4. **Distribution of Targeted Doctors**

*** responsible for annually preparing and updating a target call list of health care professionals in the Co-Promotion Territory to whom MacroGenics and BI will provide Details in accordance with the U.S. brand plan. The target call list will be reviewed by the U.S. JCC to ensure consistency with the U.S. brand plan.

4.5. **Detailing Priority**

All Details conducted by MacroGenics during the term of the Co-Promotion Agreement in the Co-Promotion Territory to the Co-Promotion Audience will be primary Details, as set forth and designated in the most recent U.S. brand plan.

4.6. **Field Sales Force Expenses**

Each Party will be responsible for its own respective sales representatives and internal marketing organizations, and the expenses of its sales representatives and internal marketing organizations. ***.

4.7. **Incentives**

Each Party will reward its personnel for promoting the Product through *** at least to the same extent and in the same manner as such Party would reward its own personnel for the promotion of one of its own products of comparable commercial value and comparable required detailing effort. The compensation system will be generally proportional to the commercial value of the Product taking into account the long-term growth potential of the Product, the Product's maturity in the market, new product launches and the management of the other portfolio products. Each Party will be responsible for the costs of its own incentive-based compensation system.

4.8. **Detailing Report**

On a periodic basis (to be agreed upon) MacroGenics will provide to BI a comprehensive Detailing report, ***. MacroGenics will keep accurate and complete electronic records of each Detail carried out by its sales representatives. ***.

4.9. **Detailing Shortfalls**

The Parties will agree to a minimum Detail performance level for MacroGenics ***.

PROMOTIONAL AND SAMPLING ACTIVITIES

4.10. **Promotional Activities**

*** responsible for creating, approving and producing all promotional materials. Only promotional material *** will be used. MacroGenics will only conduct promotional activities for the Product for the Co-Promotion Audience that are consistent with the promotional strategies set forth in the most recent U.S. brand plan. *** will own all rights to all promotional material, including all copyrights. No Product label, labelling or promotional materials will be used or distributed by MacroGenics, ***.

4.11. **Sample Packs and Promotional Materials**

BI will provide MacroGenics with promotional materials and sample packs to be used in the promotion or detailing of the Product in the Co-Promotion Territory for the Co-Promotion Audience. Neither MacroGenics nor any of its sales representatives will distribute, utilize, present, discuss or otherwise use any material or literature in connection with the promotion of the Product ***. If BI decides to remove certain promotional materials from circulation, MacroGenics will immediately advise its sales representatives to discontinue use of the previously approved promotional materials and destroy them as the Parties agree. ***. Sample packs and promotional materials will be allocated to each Party on an equitable basis, based on the Parties' detailing requirements under the U.S. brand plan. MacroGenics will use sample packs strictly in accordance with the recent U.S. brand plan and will distribute sample packs in full compliance with all applicable laws. MacroGenics will maintain those records relating to sample packs required by applicable law and will allow BI to inspect such records on request with reasonable prior notice. BI will be responsible for the filing of any necessary sample pack reports with the FDA.

4.12. **No Alteration or Repackaging**

MacroGenics will not (a) alter or reproduce any labels or sample packs provided by BI, (b) repackage any product or sample packs, or (c) use any promotional materials, labels or sample packs not provided or approved by BI in connection with the Product for the Co-Promotion Audience.

5. SALES PROCESSING

BI shall be responsible for the pricing, distributing and booking of all sales of Product in the Co-Promotion Territory for the Co-Promotion Audience. MacroGenics will promptly forward all orders it receives for Product to BI or its designee.

***

***

TERM AND TERMINATION

The term of the Co-Promotion Agreement shall commence on the effective date of the Co-Promotion Agreement and shall continue for a period of ten (10) years thereafter.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 4.5(b)II

DISPUTE RESOLUTION PROCEDURES

1. The Parties will resolve any disputes under Section 4.5(b) by final and binding expertise proceedings in accordance with this Schedule 4.5(b)II. The Parties will select a mutually agreeable expert who has significant relevant experience in the subject matter of the disputed issue and no affiliates or pre-exisiting relationship with either Party. If the Parties cannot agree on an expert within thirty (30) days after the Senior Executives have failed to resolve the disagreement, either Party may request the appointment of the expert in accordance with the provisions for the appointment of experts under the Rules of Expertise of the International Chamber of Commerce. The date on which the such expert is selected will be the "Proceeding Commencement Date."

2. Each Party will prepare and, within ten (10) Business Days after the Proceedings Commencement Date, deliver to both the expert and the other Party its proposed agreement and a memorandum in support thereof (the "Support Memorandum"). The expert will also be provided with a copy of this Agreement.

3. Within ten (10) Business Days after the receipt of both proposed agreements and Support Memoranda, the expert shall select from the two proposals provided by the Parties the proposal that the expert believes more accurately reflects the intention of the Parties to this Agreement and the industry customs regarding the manufacture, development and commercialization (including, as applicable, co-promotion) of comparable pharmaceutical products. The expert's decision will be provided in writing.

4. The expert will have reasonable discretion to request additional information, hold a hearing, and extend the time frame for reaching his or her decision regarding the dispute at issue.

5. ***.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Schedule 8.4

PRESS RELEASE

Boehringer Ingelheim and MacroGenics Announce Global Alliance to Discover, Develop and Commercialize DART™-Based Antibody Therapeutics

INGELHEIM, Germany and ROCKVILLE, MD, USA, , 2010 — Boehringer Ingelheim and MacroGenics today jointly announced that they have entered into a global alliance to discover, develop and commercialize antibody-based therapeutics which may span multiple therapeutic areas, including immunology, oncology, respiratory, cardiometabolic and infectious diseases. These developmental drug candidates will be based on MacroGenics' Dual-Affinity Re-Targeting (DART™) platform and will be directed against up to ten combinations of molecular targets.

"This alliance represents the largest external commitment to our DART platform to date and the latest validation of our ongoing efforts" said Dr. Scott Koenig, MacroGenics' President and Chief Executive Officer. "We are very pleased to be collaborating with the global pharmaceutical research-driven company Boehringer Ingelheim toward the goal of developing next-generation, antibody-based therapeutics."

"Combining MacroGenics' innovative DART-based antibody platform with our experience and capabilities in drug discovery and development has the potential to generate breakthrough medicines that will help patients with a range of diseases which cannot be adequately treated at present," said Prof Wolfgang Rettig, Senior Vice President Corporate Research of Boehringer Ingelheim.

Both companies will share responsibility for discovery and certain preclinical activities. In addition, Boehringer Ingelheim will have sole responsibility for all subsequent preclinical, clinical, regulatory, commercial and manufacturing activities for any DART-based product resulting from the collaboration.

During the first three years of the collaboration, MacroGenics expects to receive payments of about $60 million, which includes an upfront cash payment, annual maintenance fees, R&D funding, and near-term research-based milestones. Boehringer Ingelheim also expects to make a future equity investment in MacroGenics. In addition, MacroGenics may be eligible to receive development, regulatory and commercial milestone payments that can reach up to $210 million for each of the ten DART programs in case of full commercial success of multiple DART

products. MacroGenics may also receive tiered royalties on net product sales. MacroGenics has the option to co-promote certain DART products in the United States. Further financial details were not disclosed.

DART Background

The DART platform is a bispecific antibody technology that enables the generation of highly stable antibody-based therapeutic molecules that can simultaneously target two different antigens. DART therapeutics can accommodate virtually any variable region sequence in a “plug-and-play” fashion and have very favorable manufacturing properties. DART proteins are available in both bacterial and mammalian expression systems. DARTs have also been engineered with an Fc domain, which confers them with additional properties, such as Fc receptor binding and extended half-life.

About MacroGenics

MacroGenics is a private, venture-backed biotechnology company that focuses on the discovery, development and delivery to patients of novel biologics for autoimmune disorders, cancer and infectious diseases. Since its founding in 2000, the company has built a fully-integrated set of capabilities in antibody-based product development. The company has generated a proprietary pipeline of innovative product candidates by leveraging its three core technology platforms. These proprietary platforms include: (1) cancer stem-like cells; (2) DART technology, which allows the company to incorporate multiple specificities within a single molecule; and (3) Fc optimization, which enhances antibody-dependent effector functions. The company’s lead program, teplizumab, is an anti-CD3 antibody. Teplizumab is being investigated in Phase 3 trials for the treatment of autoimmune diseases in collaboration with Eli Lilly and Company. For more information about MacroGenics, please visit www.macrogenics.com.

About Boehringer Ingelheim

The Boehringer Ingelheim group is one of the world’s 20 leading pharmaceutical companies. Headquartered in Ingelheim, Germany, it operates globally with 142 affiliates in 50 countries and more than 41,500 employees. Since it was founded in 1885, the family-owned company has been committed to researching, developing, manufacturing and marketing novel products of high therapeutic value for human and veterinary medicine.

In 2009, Boehringer Ingelheim posted net sales of 12.7 billion euro while spending 21% of net sales in its largest business segment Prescription Medicines on research and development. For more information about Boehringer Ingelheim, please visit www.boehringer-ingelheim.com.

Statements made in this news release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "intends," and similar expressions are intended to identify forward-looking statements. Actual results may differ materially from those projected in any forward-looking statement. Specifically, there are a number of important factors that could cause actual results to differ materially from those anticipated, such as MacroGenics' ability to raise additional capital, and risks related to MacroGenics' and Boehringer Ingelheim's ability to initiate, and enroll patients in, planned clinical trials. You should not place undue reliance on any forward-looking statements. Neither MacroGenics nor Boehringer Ingelheim assume any obligation to update any forward-looking statements as a result of new information, future events or developments, except as required by law.

Contacts:

MacroGenics:
Scott Koenig, M.D., Ph.D., President and CEO
or Jim Karrels, Vice President, CFO
+1-301-251-5172
info@macrogenics.com

Boehringer Ingelheim GmbH:
Director Corporate Communications
Julia Meyer-Kleinmann
+49/6132/77 82 71
press@boehringer-ingelheim.com

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Exhibit 10.16

EXECUTION COPY

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Triple asterisks denote omissions.

LICENSE AGREEMENT

BY AND BETWEEN

MACROGENICS, INC.

AND

GILEAD SCIENCES, INC.

Table of Contents

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

LICENSE AGREEMENT

This License Agreement (this "Agreement") is entered into and made effective as of the 3rd day of January, 2013 (the "Effective Date"), by and between MacroGenics, Inc., a corporation organized and existing under the laws of the State of Delaware, having a principal office located at 9640 Medical Center Drive, Rockville, MD 20850, USA ("MacroGenics"), and Gilead Sciences, Inc., a company organized and existing under the laws of the State of Delaware, having a principal office located at 333 Lakeside Drive, Foster City, CA 94404 ("Gilead"). MacroGenics and Gilead are each referred to herein by name or as a "Party" or, collectively, as "Parties."

RECITALS

WHEREAS, Gilead possesses expertise in the Research, Development, Manufacturing and Commercialization (each as defined below) of pharmaceutical products;

WHEREAS, MacroGenics controls certain intellectual property related to DARTs (as defined below) generally, as well as certain DARTs targeting *** (as defined below) and certain DARTs targeting *** (as defined below);

WHEREAS, Gilead is interested in receiving exclusive licenses under which it may further Research, Develop, Manufacture and Commercialize DARTs targeting ***selected by Gilead, in each case in the Gilead Territory (as defined below), and, to the extent provided herein, in the MacroGenics Territory (as defined below), and MacroGenics is willing to grant Gilead such licenses on the terms and conditions set forth in this Agreement; and

WHEREAS the Parties desire to set forth herein the terms and conditions of exclusive licenses to enable Gilead to Research, Develop, Manufacture and Commercialize the above mentioned DARTs.

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

ARTICLE 1
DEFINITIONS

As used in this Agreement, the following terms will have the meanings set forth in this ARTICLE 1 unless context dictates otherwise:

1.1 "Access Territory" means, with respect to a Licensed Product (other than a *** Licensed Product), any and all countries and territories where Gilead (itself or through its Affiliates) has publicly announced a policy to generally sell or otherwise make available such Licensed Product and one or more other Gilead products at a significantly discounted price to patients in such countries or territories. The list of countries and territories included in the Access Territory as of the Effective Date is set forth in Exhibit A, which list shall be ***.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

1.2 “Accounting Standards” means generally accepted accounting principles as practiced in the United States.

1.3 “Active Research Program” means an active program to develop products that bind a Target, in which MacroGenics has generated or is actively engaged in generating antibodies directed against such Target.

1.4 “Affiliate” means, as to a Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with said first Person, regardless of whether such Affiliate is an Affiliate on the Effective Date or becomes an Affiliate after the Effective Date. A Person shall be deemed to “control” another Person if it (a) owns, directly or indirectly, beneficially or legally, more than fifty percent (50%) of the outstanding voting securities or capital stock (or such lesser percentage which is the maximum allowed to be owned by a Person in a particular jurisdiction) of such other Person, or has other comparable ownership interest with respect to any Person other than a corporation; or (b) has the power, whether pursuant to contract, ownership of securities or otherwise, to direct the management and policies of the Person.

1.5 “Affordable Basis” means, with respect to a Licensed Product (other than a ******* Licensed Product) in the Access Territory, selling or otherwise making such Licensed Product available to patients at a cost no more than the sum of (a) ******* plus (b) an additional amount not to exceed all costs and expenses of Gilead or its Affiliates’ Commercialization activities with respect to such Licensed Product in the Access Territory.

1.6 “Agreement Term” means the period commencing on the Effective Date and ending on the expiration or earlier termination of this Agreement in its entirety.

1.7 “Annual Net Sales” means, for any Licensed Product in any Calendar Year, aggregate Net Sales of such Licensed Product in such Calendar Year (or, in the first year of the Royalty Term, the portion of such Calendar Year during which the Royalty Term is in effect).

1.8 “BLA” means a Biologics License Application and any amendments or supplements thereto filed with the FDA pursuant to 21 C.F.R. Part 601 or any other application that is required for the purpose of marketing and selling a biological product and is filed with a Regulatory Authority outside the United States, including with respect to the EU a Product License Application, Marketing Authorization Application and/or manufacturing and importation license.

1.9 “Business Day” means a day on which banking institutions in Washington, D.C. and San Francisco, CA are open for business, excluding any Saturday or Sunday.

1.10 “Calendar Quarter” means a period of three (3) consecutive months ending on the last day of March, June, September, or December, respectively.

1.11 “Calendar Year” means a period of time commencing on January 1 and ending on the following December 31.

1.12 "***" means the Target *** comprising the *** identified by Entrez Gene ***, respectively (including any subtypes, alleles, and splice variants).

1.13 "***" means the Target referred to as *** (including any subtypes, alleles, and splice variants).

1.14 "*** Licensed Program" means the Licensed Program directed to the *** and *** Targets.

1.15 "*** Licensed Territory" means the entire world.

1.16 "*** Research Program" means the Research Program directed to the *** *** Targets.

1.17 "Change of Control" means (a) a transaction or series of related transactions that results in the sale or other disposition of all or substantially all of MacroGenics' assets; or (b) a merger or consolidation in which the shareholders of MacroGenics immediately prior to the consummation of such merger or consolidation do not, immediately after consummation of such merger or consolidation, own stock or other securities of the surviving corporation that possess a majority of the voting power of all of the surviving corporation's outstanding stock and other securities and the power to elect a majority of the members of the surviving corporation's board of directors; or (c) a transaction or series of related transactions (which may include without limitation a tender offer for MacroGenics' stock or the issuance, sale or exchange of stock of MacroGenics), excluding any public offering of MacroGenics' equity securities pursuant to a registration statement under the Securities Act of 1933, as amended, if the shareholders of MacroGenics immediately prior to the initial such transaction do not, immediately after consummation of such transaction or any of such related transactions, own stock or other securities of MacroGenics that possess a majority of the voting power of all of the MacroGenics' outstanding stock and other securities and the power to elect a majority of the members of MacroGenics' board of directors.

1.18 "Clearance Date" means, for each of the *** Licensed Program, the *** Licensed Program and the *** Licensed Program, (a) if Gilead notifies MacroGenics pursuant to Section 3.2.2(c) that Gilead has determined in good faith that no HSR Filing is required with respect to such Licensed Program, the date on which Gilead delivers the Research Program Initiation Notice for such Licensed Program; and (b) if Gilead notifies MacroGenics pursuant to Section 3.2.2(c) that Gilead has determined in good faith that an HSR Filing is required with respect to such Licensed Program, the date on which the Parties have actual knowledge that all applicable waiting periods under the HSR Act with respect to the exclusive license grants contemplated under this Agreement relating to such Licensed Program (after giving effect to Gilead's delivery of the Research Program Initiation Notice for such Licensed Program) have expired or have been terminated.

1.19 "Clinical Trial(s)" means individually and collectively a Phase 1 Clinical Trial, Phase 2 Clinical Trial, a Phase 3 Clinical Trial, a Phase 4 Study and a Post Approval Study.

1.20 "Commercialization" or "Commercialize" means any activities directed to obtaining pricing and/or reimbursement approvals, marketing, promoting, distributing, importing, offering to sell, and/or selling a product, including promotional activities conducted at scientific conferences or similar events.

1.21 "Commercially Reasonable Efforts" means, with respect to a Party, such level of efforts required to carry out an obligation in a sustained manner consistent with the efforts normally used ***, for a similar activity with respect to the Research, Development and Commercialization of products (a) that are at a similar stage in their Research, Development, Commercialization or product life as the relevant Program DART or Licensed Product; (b) that have commercial and market potential similar to the relevant Program DART or Licensed Product, taking into account issues of intellectual property scope, subject matter and coverage, safety and efficacy, product profile, competitiveness with respect to Third Party products in the marketplace, and profitability (including pricing and reimbursement status achieved or likely to be achieved); and (c) solely owned by them or to which they have exclusive rights (but excluding from consideration any financial obligations owed to a Third Party with respect to such rights).

1.22 "Combination Product" means a Licensed Product that (a) includes a Program DART as an active pharmaceutical ingredient, together with one or more other active ingredients, and (b) is sold either as a fixed dose or with separate doses in a single package.

1.23 "Competing Product" means any therapeutic or prophylactic product that comprises or incorporates, as an active pharmaceutical ingredient alone or in combination with one or more other active pharmaceutical ingredients, a bispecific molecule that binds both Target members of any Program Target. Upon a Change of Control of MacroGenics, a Competing Product means any therapeutic or prophylactic product that comprises or incorporates, as an active pharmaceutical ingredient alone or in combination with one or more other active pharmaceutical ingredients, any DART that binds both Target members of any Program Target.

1.24 "Competitive Infringement" means any infringement or misappropriation that involves the Development, Manufacture, use or Commercialization of a product or product candidate that binds to the same Program Target as a Program DART or Licensed Product.

1.25 "Complete" or "Completing" means, for a Clinical Trial, the date upon which all patients have completed protocol-defined drug administration and study database lock has occurred.

1.26 "Compulsory Licensee" means, with respect to a Licensed Product in a country or territory, a Third Party to whom a governmental agency within such country or territory grants the right to sell or offer for sale such Licensed Product in such country or territory under any patent rights owned or controlled by Gilead or its Affiliates, without direct or indirect authorization from Gilead or its Affiliates, ***.

1.27 "Control," "Controls," "Controlled" or "Controlling" means, with respect to any item of Know-How, Patent, Regulatory Documentation or other intellectual property right, the possession (whether by ownership or license, other than pursuant to this Agreement) of the

ability of a Party to grant access to, or a license or sublicense under, such item or right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party existing at the time such Party would be required hereunder to grant the other Party such access or license or sublicense; provided that any Know-How, Patent, Regulatory Documentation or other intellectual property right that is licensed or acquired by a Party after the Effective Date that would otherwise be considered to be under the Control of such Party shall not be deemed to be under the Control of such Party if (a) the application of such definition in the context of any licenses or sublicenses granted to the other Party under this Agreement would require the granting Party to make any additional payments or royalties to a Third Party in connection with such license or sublicense grants, unless the other Party agrees to pay the additional payments or royalties to the Third Party and (b) with respect to Know-How, Patents, Regulatory Documentation or any other intellectual property right licensed to or obtained by MacroGenics pursuant to an agreement with a Third Party, unless and until the agreement pursuant to which such rights are obtained becomes a MacroGenics Third Party Agreement pursuant to Section 4.6.

1.28 "Cover", "Covering" or "Covered" means, with respect to a product, technology, process or method, that, in the absence of ownership of or a license granted under a Valid Claim, the composition, manufacture, use, offer for sale, sale or importation of such product or the practice of such technology, process or method would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

1.29 "CPI" means the average annual Consumer Price Index for the United States as reported by the United States Bureau of Labor Statistics.

1.30 "DART" means a dual affinity bispecific re-targeting molecule as further described in Exhibit B.

1.31 "Develop" or "Development" means drug development activities relating to the development of compounds, products, or processes, and submission of information to a Regulatory Authority for the purpose of obtaining Regulatory Approval of a product. Development includes non-clinical activities, pharmacology studies, toxicology studies, formulation, chemical analysis, bioanalytical analysis, material performance studies (such as measurements of stability, physical form, dissolution, or visual or spectroscopic analysis, and the like), pharmacokinetic studies, clinical studies, biomarker and companion diagnostic discovery and development, regulatory affairs activities, and all other activities relating to seeking, obtaining or maintaining any Regulatory Approvals from the FDA or any other applicable Regulatory Authority.

1.32 "Diagnostic" means (a) with respect to Gilead, any diagnostic for a Target included in a Program Target that is used in combination with a Licensed Product if (i) such diagnostic is Covered by a Valid Claim of any MacroGenics Patent or Joint Patent in the country in the Gilead Territory in which it is Manufactured or Commercialized or (ii) the Manufacture or Commercialization of such diagnostic by or on behalf of Gilead in such country would, but for the licenses granted to Gilead under Section 4.1, infringe or misappropriate MacroGenics' rights in the MacroGenics Know-How or Know-How included in the Joint IP, and (b) with respect to

MacroGenics, any diagnostic for a Target included in a Program Target that is used in combination with a Licensed Product if (i) such diagnostic is Covered by a Valid Claim of any Gilead Collaboration Patent or Joint Patent in the country in the MacroGenics Territory in which it is Manufactured or Commercialized or (ii) the Manufacture or Commercialization of such diagnostic by or on behalf of MacroGenics in such country would, but for the licenses granted to MacroGenics under Section 4.2, infringe or misappropriate Gilead's rights in the Gilead Collaboration Know How or Know-How included in the Joint IP.

1.33 "Dollars" or "$" means the legal tender of the United States.

1.34 "EMA" means the European Medicines Agency, or any successor entity thereto.

1.35 "Emerging Market Countries" means ***.

1.36 "Evaluation Period" means (a) for the *** Licensed Program, the period beginning on the Effective Date and ending on the later of (i) receipt of the Preclinical Data Package for the *** Licensed Program or (ii) *** from the Effective Date, and (b) for each of the *** Licensed Program, the *** Licensed Program and the *** Licensed Program, the period beginning on the Clearance Date for such Licensed Program and ending on the later of (i) receipt of the Preclinical Data Package for such Licensed Program or (ii) *** from the Effective Date, in each case ((a) and (b)) as such period may be extended pursuant to Section 3.3.2(b).

1.37 "EU" means the European Union, as its membership may be expanded from time to time, and any successor thereto. Any country that is a member country of the European Union (or any successor thereto) as of the Effective Date or at any time during the term of this Agreement shall be deemed included in the EU for all purposes hereunder even if such country subsequently ceases to be a member country thereof. For clarity, the member countries of the European Union as of the Effective Date are Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

1.38 "Executive Officers" means, for each Party, a senior executive ***.

1.39 "FDA" means the U.S. Food and Drug Administration, or any successor entity thereto.

1.40 "FD&C Act" means the United States Federal Food, Drug, and Cosmetic Act, as amended.

1.41 "Field" means any use in humans, including diagnosis, prophylaxis and treatment of human disease.

1.42 "First Commercial Sale" means the first sale of a Licensed Product by Gilead, its Affiliates or its Sublicensees for use or consumption of such Licensed Product in a country in the Gilead Territory where Marketing Approval of such Licensed Product has been obtained or such sale is otherwise permitted by the Governmental Authority of such country. Sale of a Licensed

Product by Gilead to an Affiliate of Gilead or a Sublicensee of Gilead shall not constitute a First Commercial Sale unless such Affiliate or such Sublicensee is the end user of a Licensed Product. In no event shall any sales for premarketing, testing or sampling be deemed a First Commercial Sale.

1.43 "Fourth DART Targets" means a combination of two Targets that are nominated by Gilead pursuant to the second sentence of Section 3.2.1(a) and both accepted by MacroGenics pursuant to Section 3.2.1(b).

1.44 "Fourth DART Licensed Program" means the Licensed Program directed to the Fourth DART Targets.

1.45 "Fourth DART Licensed Territory" means the entire world.

1.46 "Fourth DART Research Program" means the Research Program directed to the Fourth DART Targets.

1.47 "FTE" means ***hours of work per Calendar Year devoted to or in support of the Research, Development or Manufacture of Program DARTs and Licensed Products in accordance with a Research Program, that is carried out by one or more qualified scientific or technical employees or contract personnel of MacroGenics or its Affiliates, as such hours are measured in accordance with the relevant Party's normal time allocation practices.

1.48 "FTE Cost" means, for any period, the FTE Rate multiplied by the number of FTEs in such period.

1.49 "FTE Rate" means a rate of *** per FTE per Calendar Year (pro-rated for the period beginning on the Effective Date and ending at the end of the first Calendar Year) for personnel engaged in Research, Development and Manufacturing activities. The FTE Rate is "fully burdened" and covers employee salaries and benefits and the cost of facilities, equipment and other materials and services including ordinary laboratory and manufacturing consumables. The FTE Rate will be adjusted annually to reflect any changes in the CPI as of December 31 of the then most recently ended calendar year over the level of the CPI on December 31, 2012 (*i.e.*, the first such increase or decrease would occur on January 1, 2014).

1.50 "Generic Licensee" means a Third Party licensee of Gilead or any of its Affiliates (or a Third Party sublicensee of any Third Party licensee of Gilead or any of its Affiliates) that (a) has been granted a sublicense by Gilead or such Affiliate (or such other Third Party licensee) which (except as consented to by MacroGenics pursuant to Section 4.3) excludes rights to MacroGenics Know-How and (b) is authorized (i) ***. "Generic Licensee" shall include *** under any license granted to *** by Gilead or any of its Affiliates under any intellectual property related to the manufacture or sale of Licensed Products or the active pharmaceutical ingredient therein.

1.51 "Generic Product" means, with respect to any Licensed Product, a version of such Licensed Product (or a product containing the same or highly similar active pharmaceutical ingredient as such Licensed Product in a comparable dosage form and formulation as such

Licensed Product (e.g., adult-to-adult and pediatric-to-pediatric)) that has received, under applicable Law in any country in the Access Territory, any required Regulatory Approval analogous to being licensed as a biosimilar or interchangeable biological product by the FDA pursuant to Section 351(k) of the Public Health Service Act (42 U.S.C. § 262(k)), as may be amended, or any subsequent or superseding law, statute or regulations.

1.52 "Gilead Collaboration IP" means the Gilead Collaboration Know-How and the Gilead Collaboration Patents.

1.53 "Gilead Collaboration Know-How" means all Gilead Information and Inventions except to the extent disclosed by published Gilead Collaboration Patents.

1.54 "Gilead Collaboration Patent(s)" means Patents Controlled by Gilead and its Affiliates during the Agreement Term Covering Gilead Information and Inventions. Gilead Collaboration Patents excludes Joint Patents.

1.55 "Gilead Indemnitees" means Gilead, its Affiliates and its Sublicensees and the directors, officers and employees of Gilead, its Affiliates and its Sublicensees.

1.56 "Gilead Information and Inventions" means Know-How Controlled by Gilead or its Affiliates during the Agreement Term that (a) (i) was created by or on behalf of Gilead or its Affiliates in the course of conducting activities pursuant to this Agreement (including pursuant to Section 3.2.3), including any improvement, modification, enhancement or novel use of a Program DART or Licensed Product, or a Manufacturing process or formulation of a Program DART or Licensed Product or any improvement, modification or enhancement of a Manufacturing process or formulation of a Program DART or Licensed Product or (ii) is used by Gilead or its Affiliates in the Research, Development, Manufacturing or Commercialization of a Program DART or Licensed Product and is disclosed to MacroGenics or its Affiliates by or on behalf of Gilead or its Affiliates pursuant to this Agreement; and (b) is necessary or useful to Research, Develop, Manufacture or Commercialize any Program DART or Licensed Product in the Field. Gilead Information and Inventions excludes Gilead's interest in the Joint IP and any Know-How that relates solely to any active pharmaceutical ingredient in a Combination Product other than a Program DART.

1.57 "Gilead Territory" means (a) for the ******* Licensed Program, the ******* Licensed Territory, (b) ******* (c) for the ******* Licensed Program, the ******* Licensed Territory, and (d) for the ******* Licensed Program, the ******* Licensed Territory.

1.58 "Good Clinical Practices" or "GCP" means the then-current standards, practices and procedures (a) promulgated or endorsed by the FDA as set forth in the guidelines entitled "Guidance for Industry E6 Good Clinical Practice: Consolidated Guidance," including related regulatory requirements imposed by the FDA; (b) set forth in Directive 2001/20/EC of the European Parliament and of the Council of 4 April 2001 and Commission Directive 2005//28/EC of 8 April 2005; (c) ICH Guideline for Good Clinical Practice E6; (d) analogous Laws of an applicable Regulatory Authority; and (e) all additional Regulatory Authority documents or regulations that replace, amend, modify, supplant or complement any of the foregoing.

1.59 "Good Laboratory Practices" or "GLP" means the then-current good laboratory practice standards promulgated or endorsed by the FDA as defined in 21 C.F.R. Part 58, as such regulations may be amended from time to time, and analogous Laws of an applicable Regulatory Authority.

1.60 "Good Manufacturing Practices" or "GMP" means then-current standards for the manufacture of pharmaceutical products, pursuant to (a) the FD&C Act (21 U.S.C. 321 et seq.); (b) relevant United States regulations in Title 21 of the United States Code of Federal Regulations (including Parts 11, 210, and 211); (c) European Community Directives 2003/94 and 91/356/EC; (d) the European Community Guide to Good Manufacturing Practice for Medicinal Intermediate Products; (e) ICH Q7A Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients; (f) analogous Laws of an applicable Regulatory Authority at the time of Manufacture; and (g) all additional Regulatory Authority documents or regulations that replace, amend, modify, supplant or complement any of the foregoing.

1.61 "Governmental Authority" means any United States federal, state or local or any non-United States government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any governmental arbitrator or governmental arbitral body.

1.62 "Government or Public Official" means any officer or employee or anyone acting in an official capacity on behalf of: a government or any department or agency thereof; a public international organization (such as the United Nations, the International Monetary Fund, the International Red Cross, and the World Health Organization), or any department, agency or institution thereof; or a government-owned or controlled company, institution, or other entity, including a government-owned hospital or university.

1.63 "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.64 "ICH" means the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

1.65 "IND" means an Investigational New Drug Application filed with FDA or a similar application filed with an applicable Regulatory Authority outside of the United States such as a clinical trial application (CTA).

1.66 "Indication" means a discrete clinically recognized form of a disease or any precursor condition thereof. By way of example, the following diseases shall be considered separate Indications: *******.

1.67 "Insolvency Event" means with respect to a Party, (a) the entry of an order for relief under the Bankruptcy Code or any other bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect by such Party; (b) the

commencement of an involuntary proceeding under the Bankruptcy Code or any other bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect against such Party, if not dismissed, bonded or stayed within ninety (90) days after such commencement; (c) the making by such Party of a general assignment for the benefit of creditors; or (d) the appointment of or taking possession by a receiver, liquidator, assignee, custodian, or trustee of all or substantially all of the business or property of such Party.

1.68 "Joint IP" means all inventions and discoveries (and Patents claiming patentable inventions therein) first made or discovered jointly by one or more employees, consultants or agents of MacroGenics or its Affiliates, together with one or more employees, consultants or agents of Gilead or its Affiliates, in the course of the Research, Development, Manufacture or Commercialization of Program DARTs and/or Licensed Products.

1.69 "Joint Patents" means Patents comprising claims Covering patentable inventions included in the Joint IP.

1.70 "Know-How" means all tangible and intangible (a) information, techniques, technology, practices, trade secrets, inventions (whether patentable or not), methods, knowledge, know-how, skill, experience, data, results (including pharmacological, toxicological and non-clinical and clinical test data and results, and Research or Development data, reports and batch records), analytical and quality control data, analytical methods (including applicable reference standards), full batch documentation, packaging records, release, stability, storage and shelf-life data, Manufacturing process information, results and descriptions, and software and algorithms and (b) compositions of matter, cells, cell lines, assays, animal models and physical, biological or chemical material.

1.71 "Law" or "Laws" means all laws, statutes, rules, regulations, orders, judgments, or ordinances having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision.

1.72 "Licensed Product" means any therapeutic or prophylactic product that comprises or incorporates a Program DART as an active pharmaceutical ingredient alone or in combination with one or more other active agents. For the avoidance of doubt, Licensed Product excludes any diagnostic products (including Diagnostics).

1.73 "Licensed Program" means Research, Development, Manufacturing and/or Commercialization activities conducted by or on behalf of Gilead and/or MacroGenics with respect to Program DARTs and/or Licensed Products for a particular Program Target.

1.74 "License Grant Date" means (a) with respect to the ******* Licensed Program, the Effective Date and (b) with respect to the ******* Licensed Program, the ******* Licensed Program and the ******* Licensed Program, the Clearance Date for the ******* Licensed Program, the ******* Licensed Program or the ******* Licensed Program, as applicable.

1.75 "License Term" means, with respect to a Licensed Program, each period commencing upon the License Grant Date for such Licensed Program and ending on the date of expiration or termination of this Agreement with respect to such Licensed Program in accordance with the provisions of ARTICLE 13.

1.76 "MacroGenics Information and Inventions" means Know-How that (a) is Controlled by MacroGenics or its Affiliates on the Effective Date or thereafter during the Agreement Term; (b)(i) is or relates to a Program DART or Licensed Product or an improvement, modification, enhancement or novel use of a Program DART or Licensed Product, or a Manufacturing process or formulation of a Program DART or Licensed Product or any improvement, modification or enhancement of a Manufacturing process or formulation of a Program DART or Licensed Product; or (ii) is used by MacroGenics or its Affiliates in the Research, Development, Manufacturing or Commercialization of a Program DART or Licensed Product and is disclosed to Gilead or its Affiliates by or on behalf of MacroGenics or its Affiliates pursuant to this Agreement; and (c) is necessary or useful to Research, Develop, Manufacture or Commercialize any Program DART or Licensed Product in the Field in the Gilead Territory. MacroGenics Information and Inventions excludes MacroGenics' interest in the Joint IP and any Know-How that relates solely to any active pharmaceutical ingredient in a Combination Product other than a Program DART.

1.77 "MacroGenics Indemnitees" means MacroGenics, its Affiliates and its Sublicensees and the directors, officers and employees of MacroGenics, its Affiliates and its Sublicensees.

1.78 "MacroGenics IP" means the MacroGenics Know-How and the MacroGenics Patents.

1.79 "MacroGenics Know-How" means all MacroGenics Information and Inventions except to the extent disclosed by published MacroGenics Patents.

1.80 "MacroGenics Patents" means Patents Controlled by MacroGenics or its Affiliates on the Effective Date or thereafter during the Agreement Term that Cover MacroGenics Information and Inventions. The MacroGenics Patents existing as of the Effective Date are set forth on Exhibit C. MacroGenics Patents excludes Joint Patents.

1.81 "MacroGenics Territory" means, for the ******* Licensed Program only, the entire world excluding the ******* Licensed Territory.

1.82 "MacroGenics Third Party Agreements" means any agreement (other than this Agreement) (a) pursuant to which MacroGenics in-licenses or otherwise acquires the right to practice Patents or Know-How that relates to the Program DARTs or Licensed Products in the Field in the Gilead Territory and (b) that Gilead accepts pursuant to Section 4.6.

1.83 "Manufacture" or "Manufacturing" means all activities related to the manufacturing of a DART or product, including test method development and stability testing, formulation, process development, manufacturing scale-up, manufacturing for use in non-clinical and clinical studies, manufacturing for commercial sale, packaging, release of product, quality assurance/quality control development, quality control testing (including in-process, release and stability testing) and release of product or any component or ingredient thereof, and regulatory activities related to all of the foregoing.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

1.84 "Marketing Approval" means, for any Licensed Product in any country, all approvals (including pricing and reimbursement approvals), licenses, registrations or authorizations of any federal, state or local regulatory agency, department, bureau or other governmental entity, necessary for the sale of such Licensed Product in such country. If no such approvals, licenses, registrations or authorization are necessary for the sale of a Licensed Product in a particular country, then "Marketing Approval" for such Licensed Product in such country shall be deemed to have occurred on First Commercial Sale of such Licensed Product in such country.

1.85 "Mixed Patent" means any Patent that *******.

1.86 ***

1.87 "Net Receipts" means all amounts actually received by Gilead or its Affiliates from any Generic Licensee or Compulsory Licensee in consideration of the sale of a Licensed Product less any withholding tax or other taxes as may be required under Law and actually paid from such payment due to Gilead; provided, however, that if such Licensed Product is sold as a Combination Product, Net Receipts with respect to the Combination Product shall be calculated in a manner consistent with the last paragraph of Section 1.88.

1.88 "Net Sales" means the gross amounts billed or invoiced by Gilead, its Affiliates or its Sublicensees to Third Parties that are not Sublicensees for the sale or other commercial disposition of Licensed Products, less the following deductions, determined in each case in accordance with the Accounting Standards, and only to the extent attributable to Licensed Products:

(a) trade, quantity and cash discounts allowed and taken;

(b) refunds, chargebacks and any other allowances given and taken which effectively reduce the gross amounts billed or invoiced;

(c) product returns, credits and allowances and bad debt (provided that if any such bad debt is subsequently collected, such collected amounts shall be included in Net Sales in the period in which they are subsequently collected);

(d) rebates, reimbursements, fees, taxes or similar payments to (i) wholesalers and other distributors, pharmacies and other retailers, buying groups (including group purchasing organizations), health care insurance carriers, pharmacy benefit management companies, health maintenance organizations, governmental entities, or other institutions or health care organizations to the extent actually paid or credited; or (ii) patients and other Third Parties arising in connection with any program that provides low income, uninsured or other patients the opportunity to obtain discounted Licensed Products;

(e) discounts mandated by, or granted to meet the requirements of, applicable state, provincial or federal Law, including required chargebacks and retroactive price reductions;

(f) transportation, freight, postage charges and other charges such as insurance, relating thereto, in each case included as a specific line item on a bill or an invoice to such Third Parties; and

(g) taxes, excises or other governmental charges upon or measured by the production, sale, transportation, delivery or use of goods, in each case included as a specific line item on a bill or an invoice to such Third Parties.

Except as otherwise specified above, any and all set-offs against gross amounts billed or invoiced shall be calculated in accordance with the Accounting Standards. Sales or other commercial dispositions of Licensed Products (1) between Gilead and its Affiliates and/or its Sublicensees (except where such Affiliates or Sublicensees are an end user of the Licensed Product); (2) provided to Third Parties without charge, in connection with research and development, Clinical Trials, compassionate use, humanitarian and charitable donations, or indigent programs or for use, in reasonable and customary quantities, as samples; and (3) provided by Gilead, its Affiliates and/or Sublicensees to government agencies, not-for-profit non-governmental organizations, physicians, pharmacies, other entities, or directly to patients, in each case in the Access Territory on an Affordable Basis, shall in each case, be excluded from the computation of Net Sales, and no payments will be payable on such sales or such other commercial dispositions. For clarity, Net Sales shall exclude Net Receipts and amounts invoiced for Licensed Products by any Generic Licensee or Compulsory Licensee. Notwithstanding anything herein to the contrary, if there are material sales of Licensed Products by Gilead, its Affiliates or Sublicensees to unaffiliated Third Parties at a price in excess of the Affordable Basis in a country or territory in the Access Territory, the Parties shall determine a mechanism to include the amounts invoiced for such sales within Net Sales hereunder.

If a Licensed Product is sold or otherwise commercially disposed of for consideration other than cash or in a transaction that is not at arm's length between the buyer and the seller, then the gross amount to be included in the calculation of Net Sales shall be the amount that would have been invoiced had the transaction been conducted at arm's length and for cash. Such amount that would have been invoiced shall be determined, wherever possible, by reference to the average selling price of the relevant Licensed Product in arm's length transactions in the relevant country.

Notwithstanding the foregoing, to the extent a Licensed Product is sold as a Combination Product, Net Sales with respect to the Combination Product for a particular country shall be calculated by multiplying the actual Net Sales of the Combination Product by the fraction A/(A+B), where A is the total weighted (by sales volume) average Net Sales price of the Licensed Product if sold by Gilead, its Affiliates or Sublicensees separately in a country and B is the total weighted (by sales volume) average Net Sales price of the other active ingredients included in the Combination Product if sold separately in such country. If, on a country-by-country basis, such other active ingredients in the Combination Product are not sold separately in

such country, but the Licensed Product component of the Combination Product is sold separately in such country, Net Sales for the purpose of determining royalties due hereunder for the Combination Product will be calculated by multiplying the actual Net Sales of such Combination Product by the fraction A/C, where A is the total weighted (by sales volume) average Net Sales price of such Licensed Product component if sold separately, and C is the total weighted (by sales volume) average Net Sales price of the Combination Product. If, on a country-by-country basis, such Licensed Product component is not sold separately in such country, Net Sales for the purposes of determining royalties due hereunder for the Combination Product will be calculated by multiplying the actual Net Sales of such Combination Product by the fraction D/(D+E), where D is the worldwide average Net Sales price of the portion of the Combination Product that contains the Licensed Product, and E is the worldwide average Net Sales price of the portion of the Combination Product containing the other active ingredients included in such Combination Product.

1.89 "Other Claims" means Patent claims other than Platform Claims and Product Claims.

1.90 "Other Patents" means any Gilead Collaboration Patents, MacroGenics Patents or Joint Patents that (in each case) contain only Other Claims.

1.91 "Out-of-Pocket Costs" means, with respect to certain activities hereunder, direct expenses actually paid by a Party or its Affiliates to Third Parties and specifically identifiable and incurred to conduct such activities for a Licensed Product, but excluding (with respect to MacroGenics' Research activities) any costs included in the FTE Rate.

1.92 "Patent" means (a) all patents and patent applications in any country or supranational jurisdiction, and (b) any substitutions, divisionals, continuations, continuations-in-part, provisional applications, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like of any such patents or patent applications.

1.93 "Person" means any individual, partnership, joint venture, limited liability company, corporation, firm, trust, association, unincorporated organization, governmental authority or agency, or any other entity not specifically listed herein.

1.94 "Phase 1 Clinical Trial" means a human clinical trial that is intended to initially evaluate the safety and/or pharmacological effect of a product or that would otherwise satisfy the requirements of 21 C.F.R. 312.21(a) or an equivalent clinical trial in a country other than the United States.

1.95 "Phase 2 Clinical Trial" means a human clinical trial for which the primary endpoints include a determination of dose ranges or an indication of efficacy of a product in patients being studied as described in 21 C.F.R. §312.21(b), or an equivalent clinical trial in a country other than the United States.

1.96 "Phase 3 Clinical Trial" means a human clinical trial that is prospectively designed to demonstrate statistically whether a product is safe and effective for use in humans in the indication being investigated in a manner sufficient to obtain Regulatory Approval to market such product in patients having the disease or condition being studied as described in 21 C.F.R. §312.21(c), or an equivalent clinical trial in a country other than the United States.

1.97 "Phase 4 Study" means (a) a human clinical trial for a Licensed Product for an Indication that is required by a Regulatory Authority as a condition of (but is not completed before) obtaining the initial Regulatory Approval for such Licensed Product for such Indication and (b) any trial, test or study that is required or requested by a Regulatory Authority as a condition of maintaining the initial Regulatory Approval for a Licensed Product for an Indication, excluding any Post Approval Study.

1.98 "PMDA" means the Japanese Pharmaceuticals and Medical Devices Agency or any successor agency thereto.

1.99 "Platform Claims" means Patent claims that Cover ***, but excluding any Product Claims.

1.100 "Platform IP" means (a) Platform Claims and (b) Know-How that relates to the *** (y) relates specifically to ***).

1.101 "Platform Patents" means, subject to Sections 9.3.1(c) and 9.3.2(c), any Gilead Collaboration Patents, MacroGenics Patents or Joint Patents that (in each case) contain at least one Platform Claim but no Product Claims.

1.102 "Post Approval Study" means any human clinical study or other test or study with respect to a Licensed Product for an Indication that is not required in order to obtain or maintain Regulatory Approval for such Licensed Product for such Indication. For clarity, any human clinical study that is intended to expand the product labeling for such Licensed Product shall be deemed not to be a Post Approval Study. Subject to the foregoing, Post Approval Study may include epidemiological studies, modeling and pharmacoeconomic studies, post-marketing surveillance studies, investigator or company sponsored or initiated studies and health economics studies.

1.103 "Preclinical Data Package" means (a) for the *** Licensed Program, a written report containing the information and data set forth in Exhibit D and (b) for each of the *** Licensed Program, the *** Licensed Program and the *** Licensed Program, a written report containing the information and data to be agreed upon by the Parties in accordance with Section 3.2.2(d).

1.104 "Product Claims" means Patent claims that Cover Know-How that (a) relates to aspects of the ***.

1.105 "Product Patents" means, subject to Sections 9.3.1(c) and 9.3.2(c), any Gilead Collaboration Patents, MacroGenics Patents or Joint Patents that (in each case) contain at least one Product Claim but no Platform Claims.

1.106 "Product Trademarks" means the Gilead Product Trademarks and MacroGenics Product Trademarks.

1.107 "Program DART" means any DART that binds a Program Target.

1.108 "Program Target" means any of the following Target pairs: (a) *** and ***; (b) *** and ***; (c) the *** Targets; or (d) the *** Targets.

1.109 "Reasonable Research Efforts" means, with respect to a Party, such level of efforts required to carry out an obligation in a sustained manner consistent with the efforts normally used by pharmaceutical or biopharmaceutical companies, as applicable, of comparable size and resources to such Party, for a similar activity with respect to the Research of products (a) that are at a similar stage in their Research as the relevant Program DART or Licensed Product; (b) that have scientific attributes similar to those of the relevant Program DART or Licensed Product; and (c) that are solely owned by them or to which they have exclusive rights (but excluding from consideration any financial obligations owed to a Third Party with respect to such rights).

1.110 "Regulatory Approval" means all approvals, licenses or authorizations of any applicable Regulatory Authority necessary for Development and/or Commercialization of a Program DART and/or a Licensed Product for a particular Indication in a country.

1.111 "Regulatory Authority" means the FDA in the United States or any health regulatory authority in another country that is a counterpart to the FDA and holds responsibility for regulating development of and/or granting Regulatory Approval for a Program DART or Licensed Product in such country, including the EMA, and any successor(s) thereto.

1.112 "Regulatory-Based Exclusivity Period" means, with respect to a Licensed Product, that period of time during which Gilead or any of its Affiliates or Sublicensees has been granted the exclusive legal right by a Regulatory Authority either to market and sell a Licensed Product in a country in the Gilead Territory or the exclusive right to use or reference clinical data in relation to a Licensed Product.

1.113 "Regulatory Documentation" means, with respect to the Program DARTs or Licensed Products, all INDs, BLAs, and other regulatory applications submitted to any Regulatory Authority, copies of Regulatory Approvals, regulatory materials, drug dossiers, master files (including Drug Master Files, as defined in 21 C.F.R. §314.420 and any non-United States equivalents), and any other reports, records, regulatory correspondence, meeting minutes, telephone logs, and other materials relating to Regulatory Approval of the Program DARTs or Licensed Products (including any underlying safety and effectiveness data whether or not submitted to any Regulatory Authority), or required to Develop, Manufacture or Commercialize Licensed Products including any information that relates to pharmacology, toxicology, chemistry, manufacturing and controls data, batch records, safety and efficacy, and any safety database required to be maintained for Regulatory Authorities.

1.114 "Research" means the discovery, identification, research, characterization, modification, derivatization and optimization of pharmaceutical compounds.

1.115 "Research Plan" means a research plan developed by the Parties that sets forth the activities to be undertaken during the Research Term for a specific Research Program and the budget therefor, which research plan may be amended from time to time by the Parties.

1.116 "Research Program" means Research activities conducted by or on behalf of MacroGenics and Gilead during the applicable Research Term in accordance with a Research Plan with respect to Program DARTs for a particular Program Target.

1.117 "Research Term" means the period (a) commencing on (i) with respect to the *** Research Program, the Effective Date, and (ii) with respect to the *** Research Program, the *** Research Program and the *** Research Program, the Clearance Date for the Licensed Program associated with such Research Program; and (b) ending, for any Research Program, on the earlier of (i) delivery of the Preclinical Data Package; or (ii) the *** of the License Grant Date.

1.118 "Right of Reference or Use" means a "Right of Reference or Use" as that term is defined in 21 C.F.R. §314.3(b), and any non-United States equivalents.

1.119 "***" means the Target referred to as *** (including any subtypes, alleles, and splice variants).

1.120 "*** Licensed Product" means any Licensed Product from the *** Licensed Program.

1.121 "*** Licensed Program" means the Licensed Program directed to the *** ***.

1.122 "*** Licensed Territory" means the ***.

1.123 "*** Program DART" means any Program DART from the *** Licensed Program.

1.124 "*** Research Program" means the Research Program directed to the ***.

1.125 "Significant Adverse Effect" means (a) for purposes of Section 5.4, the significant possibility, in the reasonable belief of MacroGenics, that the conduct of the applicable Clinical Trial or other clinical study poses (i) a significantly higher risk of either an adverse effect on *** of the applicable *** Program DART or *** Licensed Product, as compared to ***, for such *** Program DART or *** Licensed Product, or (ii) a significant risk of an adverse effect on the ability of MacroGenics or its Affiliates or Sublicensees to recruit patients for active Clinical Trials conducted, or planned Clinical Trials (for which a protocol has been submitted to and not disapproved by Gilead pursuant to Section 5.5, as of the time of submission to MacroGenics pursuant to Section 5.4 of a protocol for the applicable Clinical Trial or study proposed to be conducted by Gilead or its Affiliates or Sublicensees) to be conducted, by MacroGenics or its Affiliates or Sublicensees in the MacroGenics Territory with respect to such *** Program DART or Licensed Product; and (b) for purposes of Section 5.5, the significant possibility, in the

reasonable belief of Gilead, that the conduct of the applicable Clinical Trial or other clinical study poses (i) a significantly higher risk of either an adverse effect *** Licensed Product, as compared to ***, for such *** Program DART or *** Licensed Product, or (ii) a significant risk of an adverse effect on the ability of Gilead or its Affiliates or Sublicensees to *** ((A) with respect to planned Clinical Trials to be conducted in the Gilead Territory, that are subject to a protocol that has received internal approval by Gilead, and (B) with respect to planned Clinical Trials to be conducted in the MacroGenics Territory, for which a protocol has been submitted to and not disapproved by MacroGenics pursuant to Section 5.4, as of the time of submission to Gilead pursuant to Section 5.5 of a protocol for the applicable Clinical Trial or study proposed to be conducted by MacroGenics or its Affiliates or Sublicensees) to be conducted, by Gilead or its Affiliates or Sublicensees in the Gilead Territory with respect to such *** Program DART or Licensed Product.

1.126 "Sublicensee" means a Third Party to whom a Party, as permitted under this Agreement, grants a license or sublicense, as the case may be, under the Joint IP, MacroGenics IP or Gilead Collaboration IP to Research, Develop, Manufacture, Commercialize or otherwise use Program DARTs, Diagnostics and/or Licensed Products in the Field or otherwise grants rights to distribute, promote or sell Diagnostics or Licensed Products in the Field; provided, however, that the term "Sublicensee" shall not include (a) any wholesale distributor, Generic Licensee or Compulsory Licensee or (b) any other Third Party who purchases a Diagnostic or Licensed Product and does not have a license or sublicense, as the case may be, under the Joint IP, MacroGenics IP or the Gilead Collaboration IP to Develop or Manufacture such Diagnostic or Licensed Product, other than a limited license or sublicense, as the case may be, as required to enable such Third Party (i) to perform final packaging for such Diagnostic or Licensed Product for local distribution, (ii) to conduct a confirmatory Clinical Trial of such Licensed Product to support a filing for Regulatory Approval of such Licensed Product in such Third Party's distribution territory or (iii) to prepare and make a filing for a Regulatory Approval of such Licensed Product in such Third Party's distribution territory.

1.127 "Target" means (a) an antigen composed of a polypeptide, a complex of more than one polypeptide, or a post-translational modification of one or more polypeptides (e.g., glycosylation, phosphorylation, etc.); or (b) a gene encoding an antigen and the products encoded by such gene, including any homologues, variants, alternatively spliced variants, mutants, deletions or fragments or partial sequences of such antigen.

1.128 "Terminated Program" means with respect to any termination of this Agreement pursuant to ARTICLE 13, the Licensed Program(s) (including the associated Research Program(s)) subject to such termination.

1.129 "Territory" means (a) with respect to Gilead, the Gilead Territory; and (b) with respect to MacroGenics, the MacroGenics Territory.

1.130 "Third Party" means any Person other than MacroGenics or Gilead that is not an Affiliate of MacroGenics or of Gilead.

1.131 "*** Targets" means a combination of two Targets that are nominated by Gilead pursuant to the first sentence of Section 3.2.1(a) and both accepted by MacroGenics pursuant to Section 3.2.1(b).

1.132 "*** Licensed Program" means the Licensed Program directed to the Third DART Targets.

1.133 "*** Licensed Territory" means the entire world.

1.134 "*** Research Program" means the Research Program directed to the Third DART Targets.

1.135 "United States" or "U.S." means the United States of America and all of its territories and possessions.

1.136 "Valid Claim" means (a) a claim of an issued patent that has not expired or been abandoned, or been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final and non-appealable judgment (or judgment from which no appeal was taken within the allowable time period) or (b) a claim within a patent application which application has not been pending for more than *** from the date of its first filing and which claim has not been revoked, cancelled, withdrawn, held invalid or abandoned.

1.137 Additional Definitions. Each of the following definitions is set forth in the section of this Agreement indicated below:

Definition:	Section:
13D Group	14.1.3
Additional Extension	3.3.2(b)
Alliance Manager	2.1.1
Audited Party	8.10
Auditing Party	8.10
Bankruptcy Code	4.8
Biosimilar Product	8.5.4(c)
Breaching Party	13.2
***	3.2.3
Co-Chairperson	2.3.3
Commercializing Party	7.1
Competitive Infringement	9.4.2(a)
Confidential Information	10.1
Court	15.2
Disclosing Party	10.1
Dispute	15.1
Effective Date	Preamble
Existing Confidentiality Agreement	10.4

Definition:	Section:
FCPA	7.7.2
***	3.2.3
***	3.2.1(a)
***	3.2.1(a)
Gilead	Preamble
Gilead Objection	5.5.1(c)
Gilead Product Trademarks	7.6.1
GLP Toxicology Study	3.3.2(a)
HSR Filing	3.2.2(c)
Indemnified Party	12.3
Indemnifying Party	12.3
Initial Extension	3.3.2(b)
Initial Research Plan	3.2.3
Initiating Party	9.4.3
IPO	14.1
Joint Development Activity	5.3
JRC	2.3.1
License Fee	8.1
Losses	12.1
MacroGenics	Preamble
MacroGenics Objection	5.4.1(c)
MacroGenics Product Trademarks	7.6.1
Non-Breaching Party	13.2
Notifying Party	6.4.2(b)
Party or Parties	Preamble
Preclinical Milestone Payment	8.2
Preclinical Milestone Payment Notice	3.3.2(a)
Receiving Party	10.1
Research Program Initiation Notice	3.2.2(b)
******* Initial Research Plan	3.2.3
Royalty Term	8.5.2
SDEA Agreement	6.4.1
Standstill Period	14.1
Supplemental Data	3.2.3
***	3.2.3
***	3.2.1(a)
***	3.2.1(a)
UKBA	7.7.2

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

ARTICLE 2
GOVERNANCE

2.1 Alliance Managers.

2.1.1 As soon as practicable after the Effective Date, each of MacroGenics and Gilead shall assign one (1) of its employees to serve as primary point of contact between the Parties with respect to matters under this Agreement (each an "Alliance Manager"). Either Party may change its Alliance Manager upon written notice to the other Party. The Alliance Managers' responsibilities shall be limited to: (a) coordinating the activities of the Parties under this Agreement, including facilitating communications between the Parties with respect to the Development, Manufacture and Commercialization of Program DARTs and Licensed Products; (b) serving as an initial point of contact for discussion by the Parties of the Development, Manufacture, and Commercialization of Program DARTS and Licensed Products; (c) directing and overseeing the JRC and any ad hoc committee established by the Parties on all significant issues that fall within the purview of such committees, including (i) subject to Section 3.2.6(c), reviewing and submitting to the Parties for approval any amendments to a Research Plan, and (ii) for any meeting of the JRC, (x) establishing a reasonably detailed agenda, including identification of relevant supporting information and materials to be discussed, for such meeting, subject to the right of any member of the JRC to add additional agenda items at any meeting, and (y) promptly drafting and finalizing minutes of such meeting, for review and approval by the members of the JRC at the following meeting; (d) reviewing and discussing each Party's plans and related activities with respect to ******* Licensed Products in such Party's Territory, including pre-launch and go-to-market strategies; and (e) attempting to resolve any Disputes in accordance with Section 15.1.

2.1.2 After the License Grant Date for any Licensed Program, and for the duration of the License Term for such Licensed Program, the Alliance Managers shall meet once per Calendar Quarter (or on such other schedule as may be determined by the Alliance Managers) to discuss any issues and concerns arising under the Agreement. The Alliance Managers may attend such meetings in person, by telephone, or by videoconference; provided that the Alliance Managers shall meet in person at least twice per Calendar Year.

2.2 Ad Hoc Committees. By mutual agreement, the Parties may establish and disband ad hoc committees having such responsibilities as may be agreed by the Parties. Each such committee shall consist of the same number of representatives designated by each Party, which number shall be mutually agreed by the Parties. Each Party shall be free to change its representatives on any such committee by written notice to the other Party or to send substitute representatives to any meeting of any such committee. Each Party's representatives and any substitutes for such representatives on any such committee shall be bound by the obligations of confidentiality set forth in ARTICLE 10. No such committee shall have the authority to bind the Parties hereunder. Except as otherwise agreed by the Parties, each such committee shall report to the Alliance Managers.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

2.3 Joint Research Committee.

2.3.1 Composition. Promptly after the Effective Date, the Parties shall establish a joint research committee (the "JRC"). The JRC shall be comprised of three (3) named representatives of Gilead and three (3) named representatives of MacroGenics (or such other number as the Parties may agree). Each Party may replace one or more of its representatives, in its sole discretion, effective upon written notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge, and ongoing familiarity with the Research activities hereunder. Either Party may, from time to time, invite additional representatives or consultants to attend JRC meetings, subject to the written agreement of each such representative or consultant to comply with confidentiality obligations substantially the same as those set forth in ARTICLE 10; provided, however, for avoidance of doubt, that such representatives or consultants shall not have any voting rights on the JRC. Each Party shall be responsible for all of its own expenses incurred in connection with participating in any JRC meetings.

2.3.2 Function and Powers of the JRC. The JRC's responsibilities shall be limited to matters regarding each Research Program, in each case solely during the Research Term thereof, and shall consist of the following activities: (a) subject to Section 3.2.6(c), proposing any changes or amendments to the Research Plan for the applicable Research Program, for approval by the Parties; (b) reviewing and monitoring progress for all activities performed under the applicable Research Program; and (c) informal resolution of disagreements that may arise in the relation to the Parties' activities under the applicable Research Program.

2.3.3 Co-Chairpersons. Each Party shall designate one of its members of the JRC as a co-chairperson (each, a "Co-Chairperson") of such committee. The Co-Chairpersons, in consultation with the Alliance Managers, shall have the following roles and responsibilities: (a) to call meetings, send notice of each such meeting and designate the time, date and place of each such meeting, (b) to convene or poll the members by other permitted means, and (c) to sign and date the final minutes of any meeting of the JRC.

2.3.4 Committee Meetings.

(a) Frequency. For so long as the Research Term for any Research Program remains in effect, the JRC shall hold at least one (1) meeting per Calendar Quarter at such time(s) during such Calendar Quarter as the Co-Chairpersons may determine.

(b) Quorum; Location. Meetings of the JRC shall be effective only if at least one (1) representative of each Party is present or participating. The JRC may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (ii) by audio or video teleconference.

(c) Cooperation. Each Party shall provide the JRC such information as required under the Research Plan for any Research Program, or as reasonably requested by the other Party and reasonably available, relating to the progress of the goals or performance of activities pursuant to any Research Program.

2.3.5 Decisions. Actions to be taken by the JRC shall be taken only following a ***, with each Party having ***. Notwithstanding anything to the contrary in this Agreement, Gilead shall have *** on any matter involving ***; provided, however, that Gilead shall not exercise its *** in a manner that would (a) conflict with any provisions of this Agreement; (b) require MacroGenics to perform activities (i) for which Gilead will not reimburse MacroGenics' costs in accordance with Section 3.2.6; or (ii) which require MacroGenics to use any Know-How, Patents or other technology not contemplated in an Initial Research Plan and that are not (x) developed internally by MacroGenics, (y) licensed by Gilead to MacroGenics pursuant to Section 4.2 or (z) in-licensed or otherwise acquired by MacroGenics pursuant to any MacroGenics Third Party Agreement; or (c) require MacroGenics to perform any act that it reasonably believes to be inconsistent with any Law or any approval, order, policy or guidelines of a Regulatory Authority. Any matter on which the JRC fails to reach unanimous agreement for a period of ***, including any matter subject to ***, shall be referred to the Alliance Managers for attempted resolution pursuant to Section 15.1.

2.4 Authority. The Alliance Managers and the JRC shall have only the powers assigned expressly to each of them in this ARTICLE 2 and elsewhere in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the Alliance Managers, JRC or any ad hoc committee appointed hereunder unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing.

ARTICLE 3
RESEARCH PROGRAMS

3.1 Research Overview. Pursuant to this Agreement and as further provided in this ARTICLE 3, MacroGenics and Gilead shall use Reasonable Research Efforts to conduct the Research activities assigned to such Party in each Research Plan during each Research Term for each Research Program. MacroGenics and Gilead shall conduct each Research Program in a good scientific manner and in accordance with applicable Law, including GLP and GCP. Neither Party warrants that any Research Program shall achieve any of the research objectives contemplated in its Research Plan. At the end of the applicable Research Term, each Party's obligation to conduct such Research Program shall cease unless the Parties mutually agree to extend its Research Term.

3.2 Conduct of the Research Programs.

3.2.1 Selection of *** Targets.

(a) At any time prior to the date that is *** after the Effective Date ("***Target Nomination Period***, Gilead may notify MacroGenics in writing of its nomination of a combination of *** Targets to serve as the ***Target Nomination Period***, Gilead may notify MacroGenics in writing of its nomination of a combination of *** Targets to serve as the *** Targets ("*** Target Nomination Notice"). For clarity, (1) Gilead may independently

nominate combinations for each of the *** Targets and the *** Targets, and Gilead's nomination of a combination for the *** Targets shall not require a nomination for the *** Targets, or vice versa, (2) unless otherwise specified by Gilead in the *** Target Nomination Notice, any nomination made by Gilead during the *** Target Nomination Period prior to MacroGenics' acceptance of a nomination for the *** Targets shall be deemed to be a nomination for the *** Targets, and (3) any nomination made by Gilead after MacroGenics' acceptance of a nomination for the *** Targets shall be deemed to be a nomination for the *** Targets.

(b) Within *** days after MacroGenics' receipt of any *** Target Nomination Notice or *** Target Nomination Notice, MacroGenics shall notify Gilead whether it accepts such nomination and shall provide its reasons in the event it declines such nomination. *** Targets only if the nominated combination:

(i) includes a Target, other than ***, with respect to which MacroGenics has a bona fide Active Research Program;

(ii) is subject to a written obligation under a bona fide collaboration, alliance, license or option agreement entered into by MacroGenics prior to the date of such nomination; or

(iii) is subject to active negotiations in connection with a bona fide written term sheet received, in the *** preceding such notice, from a potential collaborator, alliance partner or licensee contemplating an agreement that would provide for MacroGenics to develop products binding to one of the Targets, other than ***, or grant any license with respect to one of the Targets, other than ***.

In addition to the foregoing conditions upon which MacroGenics may decline a nomination, MacroGenics may (x) decline any nomination for the *** Targets if the nominated combination is not directed to ***, (y) solely if Gilead nominates and MacroGenics accepts pursuant to this Section 3.2.1 a combination for the *** Targets that is not directed to *** (as acknowledged by the Parties pursuant to the second sentence of this Section 3.2.1(b)), decline any nomination for the *** Targets if the nominated combination is not directed to ***, and (z) in its sole discretion, decline *** nomination for the *** Targets notified by Gilead after the first anniversary of the Effective Date.

(c) In the event that MacroGenics declines any nomination for the ***.

3.2.2 Research Program Initiation.

(a) Following the Effective Date, MacroGenics shall begin conducting Research activities for the *** Research Program and such activities shall progress in accordance with the Research Plan for the *** Research Program.

(b) Gilead may provide separate written notices to MacroGenics (i) within *** after the Effective Date, of its desire to initiate Research activities for ***, of its desire to initiate Research activities for the *** as applicable (each a "Research Program

Initiation Notice"). For clarity, Gilead may independently provide a Research Program Initiation Notice for each of the *** ***, and Gilead's delivery of a Research Program Initiation Notice for any particular Research Program shall not require the delivery of a Research Program Initiation Notice for any other Research Program.

(c) Together with its delivery of a Research Program Initiation Notice for the *** Licensed Program, the *** Licensed Program or the *** Licensed Program, as the case may be, Gilead shall promptly notify MacroGenics as to whether, as determined by Gilead in good faith, any notifications are required to be filed with the U.S. Federal Trade Commission and/or the U.S. Department of Justice under the HSR Act with respect to the exclusive license grants contemplated hereby relating to such Licensed Program (after giving effect to the delivery of such Research Program Initiation Notice) ("HSR Filing"). In the event that Gilead notifies MacroGenics that an HSR Filing is required, each Party shall (i) as promptly as practicable after the date on which the applicable Research Program Initiation Notice is delivered, file or cause to be filed such HSR Filing with the appropriate agencies and (ii) use reasonable efforts to respond promptly to any requests for additional information made by such agencies and to cause the waiting period (and any extension thereof) under the HSR Act to terminate or expire at the earliest possible date after the date of filing. Gilead shall be responsible for all filing fees and for the costs and expenses of each Party in preparing and conducting the HSR Filing.

(d) Upon the Clearance Date for the *** Licensed Program, the *** Licensed Program or the *** Licensed Program, as the case may be, MacroGenics shall begin conducting Research activities for the Research Program associated with such Licensed Program and such activities shall progress in accordance the Research Plan for such Research Program or, by mutual agreement of the Parties, with the guidance of the JRC to the extent such Research Plan is not yet available. *** ***, the Parties in good faith shall agree upon the information and data to be contained in the Preclinical Data Package for such Licensed Program (which information and data shall be similar to the information and data set forth in Exhibit D).

(e) If Gilead fails to provide a Research Program Initiation Notice within the applicable time period specified in subsection (b) above with respect to any of the *** Research Program, the *** Research Program or the *** Research Program, Gilead shall have no further rights under this Agreement with respect to such Research Program or the corresponding Licensed Program and all rights and licenses hereunder with respect to such Research Program and Licensed Program shall terminate.

3.2.3 Research Plan. The initial Research Plan for the *** Research Program is attached hereto as Exhibit E (the "*** Initial Research Plan"). Within *** after the Clearance Date with respect to the *** Licensed Program, the *** Licensed Program or the *** Licensed Program, as the case may be, the Parties will prepare a draft initial Research Plan for the Research Program associated with such Licensed Program for mutual approval (as applicable, the "*** Initial Research Plan," "*** Initial Research Plan" and "*** Initial Research Plan," and each of the *** Initial Research Plan, *** Initial Research Plan, *** Initial Research Plan and *** Initial Research Plan, an "Initial Research Plan"). To the extent that any provision of a Research Plan conflicts or is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control.

3.2.4 Supplemental Data. Without limitation of Gilead's rights under Section 2.3.5 or ARTICLE 5, at any time during the Research Term for a Research Program, the Parties may, through the JRC in accordance with Section 2.3.2, modify the applicable Research Plan to include activities to be conducted by Gilead to generate additional pre-clinical data for such Research Program (the "Supplemental Data"). Gilead shall disclose to MacroGenics all Supplemental Data for the applicable Research Program within ******* days after the completion of such activities. MacroGenics shall have the right to use the Supplemental Data in performing its obligations and exercising its rights under this Agreement. The availability and finalization of such Supplemental Data shall not in any way (a) excuse any delay in the delivery of the Preclinical Data Package by MacroGenics to Gilead in accordance with Section 3.3.1 or (b) affect the termination of the applicable Licensed Program under Section 3.3.2(c) in the event Gilead fails to provide notice of its intent to pay the applicable Preclinical Milestone in accordance with Section 3.3.2(a) or extend the Evaluation Period in accordance with Section 3.3.2(b).

3.2.5 Supply; Technology Transfer.

(a) MacroGenics shall use Commercially Reasonable Efforts to supply to Gilead such quantities of GLP-conforming (non-GMP research material) Program DARTs and Licensed Products as provided in the Research Plan for use in any IND-enabling Development activities to be conducted by Gilead hereunder. MacroGenics shall use Commercially Reasonable Efforts to deliver such quantities of Program DARTs and Licensed Products in accordance with the delivery conditions mutually agreed to by the Parties and, promptly following such delivery, shall provide Gilead with an invoice for MacroGenics' FTE Costs and Out-of-Pocket Costs incurred in connection with such manufacture and supply in accordance with a budget (including a reasonable allocation of any process development costs) to be agreed in advance by the Parties in good faith, along with any supporting documentation requested by Gilead. Gilead shall pay any such invoice within ******* days after receipt.

(b) Prior to the initiation of IND-enabling Development activities with respect to any Licensed Product, the Parties shall conduct good faith discussions regarding the possibility of entering into a supply agreement pursuant to which MacroGenics would supply such Licensed Product and the applicable Program DART(s) to Gilead for use in ***.

(c) If the Parties have not entered into a supply agreement with respect to any Licensed Product pursuant to Section 3.2.5(b) within *** days after the initiation of negotiations by either Party (or, if the Parties enter into such a supply agreement, at any time after the expiration or termination of such supply agreement for any reason or, if earlier, reasonably *** in advance of the anticipated commencement of a *** of such Licensed Product), upon written request of Gilead, MacroGenics shall promptly (i) transfer to Gilead all relevant MacroGenics Know-How described in clause (b) of Section 1.70, (ii) disclose to Gilead all other relevant MacroGenics Know-How, and (iii) provide to Gilead all technical assistance, in each case ((i), (ii) and (iii)) as reasonably required for Gilead to Manufacture, itself or through a Third Party, such Licensed Product and the applicable Program DART(s) for use in Gilead's Development and Commercialization activities hereunder; and from time to time after such initial transfer, as reasonably requested by Gilead *** with respect to any additional relevant

MacroGenics Know-How, MacroGenics shall transfer, disclose and provide assistance to Gilead with respect to such additional MacroGenics Know-How; provided, however, that in each case Gilead shall reimburse MacroGenics for any Out-of-Pocket Costs incurred by MacroGenics in making such transfer or disclosure or providing such assistance.

(d) At any time after the filing by Gilead or its applicable Affiliate of an IND with respect to a *** Licensed Product, upon written request of MacroGenics, Gilead shall promptly (i) transfer to MacroGenics all relevant Gilead Collaboration Know-How described in clause (b) of Section 1.70, (ii) disclose to MacroGenics all other relevant Gilead Collaboration Know-How, and (iii) provide to MacroGenics all technical assistance, in each case ((i), (ii) and (iii)) as reasonably required for MacroGenics to Manufacture, itself or through a Third Party, such *** Licensed Product and the applicable *** Program DART(s) for use in MacroGenics' Development and Commercialization activities hereunder; and from time to time after such initial transfer, as reasonably requested by MacroGenics *** with respect to any additional relevant Gilead Collaboration Know-How, Gilead shall transfer, disclose and provide assistance to MacroGenics with respect to such additional Gilead Collaboration Know-How; provided, however, that in each case MacroGenics shall reimburse Gilead for any Out-of-Pocket Costs incurred by Gilead in making such transfer or disclosure or providing such assistance

(e) If Gilead enters into a supply agreement with a Third Party manufacturer to supply any *** Licensed Product, Gilead shall, if requested by MacroGenics, grant such Third Party any consents or approvals necessary to enable such Third Party manufacturer to supply to MacroGenics such *** Licensed Product pursuant to a supply agreement to be entered into by MacroGenics and such Third Party manufacturer.

3.2.6 Expenses; Reimbursement.

(a) Except as otherwise set forth elsewhere in this Agreement, Gilead shall bear its own costs and expenses of conducting its activities in connection with any Research Program and any activities pursuant to Section 3.2.3.

(b) During each Research Term, Gilead shall reimburse MacroGenics for all Out-of-Pocket Costs incurred by MacroGenics in connection with the applicable Research Program, as specifically contemplated in the applicable Research Plan and in accordance with the budget for such expenses set forth in such Research Plan (or by mutual agreement of the Parties, to the extent such Research Plan has not yet been approved). Gilead shall reimburse such Out-of-Pocket Costs within ******* days after receipt from MacroGenics of an invoice issued within ******* days after the end of each Calendar Quarter.

(c) During each Research Term, Gilead shall reimburse MacroGenics at the FTE Rate for the costs of any FTEs for the applicable Research Program (not to exceed the number of FTEs specified in the applicable Research Plan (or by mutual agreement of the Parties, to the extent such Research Plan has not yet been approved) for any period without Gilead's consent, not to be unreasonably withheld) to perform the activities allocated to MacroGenics under such Research Plan (or by mutual agreement of the Parties, to the extent such Research Plan has not yet been approved). MacroGenics shall provide to Gilead, within

*** days after the end of each Calendar Quarter during any Research Term, a report indicating the number of FTEs actually provided by MacroGenics with respect to each Research Program during such Calendar Quarter. MacroGenics shall use standard industry systems and processes to record the number of hours/FTEs actually applied to each Research Program, which systems and process shall be consistently and equitably applied to all MacroGenics research programs with Third Parties. Gilead may, at any time during the applicable Research Term, request that the Parties amend the Research Plan to modify the prescribed activities or to reduce or increase on a Calendar Quarter basis the number of FTEs to be provided by MacroGenics, and the Research Plan shall promptly be amended to account for such change in activities or any such reallocation of Research activities; provided that, on a Research Program-by-Research Program basis, Gilead may not, without the prior written consent of MacroGenics: (i) reduce the number of FTEs for a Calendar Quarter to less than *** FTEs or increase the number of FTEs for a Calendar Quarter to more than *** FTEs; or (ii) change the number of FTEs by more than *** FTEs during any period of *** consecutive Calendar Quarters. Gilead shall reimburse MacroGenics for such FTE costs within *** days after receipt from MacroGenics of an invoice issued within *** days after the end of each Calendar Quarter.

3.2.7 Reports. MacroGenics and Gilead shall provide written progress reports on the status of its Research activities under each Research Plan, including summaries of data generated in the applicable Research Program, at least *** Business Days in advance of each JRC meeting.

3.3 Preclinical Data Package; Evaluation Period.

3.3.1 Delivery of Preclinical Data Package. MacroGenics shall provide Gilead with each Preclinical Data Package within *** days after the data to be contained in such Preclinical Data Package becomes available to MacroGenics.

3.3.2 Preclinical Milestone; Evaluation Period.

(a) If Gilead intends to pay the applicable Preclinical Milestone Payment for a Licensed Program, Gilead shall provide written notice thereof to MacroGenics at any time prior to *** days after the expiration of the Evaluation Period for such Licensed Program (the "Preclinical Milestone Payment Notice"). If Gilead has not previously delivered a Preclinical Milestone Payment Notice for a Licensed Program, Gilead will be deemed to have delivered the Preclinical Milestone Payment Notice for such Licensed Program and the Evaluation Period for such Licensed Program shall be deemed to have expired upon the initiation of any GLP Toxicology Study with respect to any Program DART or Licensed Product from such Licensed Program. For purposes of this Section 3.3.2(a), "GLP Toxicology Study" means a toxicology study that is conducted in compliance with GLP and is required to meet the requirements for filing an IND.

(b) At any time prior to ***days after the expiration of the then-current Evaluation Period for any Licensed Program, Gilead shall have the right, exercisable by written notice to MacroGenics, to extend retroactively such Evaluation Period for a period of ***months from the date such Evaluation Period otherwise would have expired (the "Initial

Extension") by paying MacroGenics *** for such Initial Extension; provided that Gilead shall have no right to extend any such Evaluation Period that expired due to the *** with respect to any Program DART or Licensed Product from such Licensed Program. At any time prior to the expiration of the Initial Extension for any Licensed Program, Gilead shall have the right, exercisable by written notice to MacroGenics, to extend the Evaluation Period for such Licensed Program for an additional period of *** months from the date such Evaluation Period otherwise would have expired (the "Additional Extension") (for a total extension of *** months from the date such Evaluation Period would have expired but for the Initial Extension and the Additional Extension) by paying MacroGenics *** for such Additional Extension. Gilead shall make any payments under this Section 3.3.2(b) within forty-five (45) days after the later of the date Gilead delivers the applicable notice and Gilead's receipt of the corresponding invoice.

(c) In the event Gilead does not provide to MacroGenics a Preclinical Milestone Payment Notice with respect to any Licensed Program at any time prior to*** days after the expiration of the Evaluation Period for such Licensed Program, then such Licensed Program shall be deemed a Terminated Program and Section 13.7.1 shall apply with respect thereto.

ARTICLE 4
GRANT OF RIGHTS; EXCLUSIVITY

4.1 License Grants to Gilead.

4.1.1***Licensed Program. Subject to the terms of this Agreement, MacroGenics hereby grants Gilead (a) an exclusive, royalty-bearing, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop, Manufacture and Commercialize, in the Field, Program DARTs (other than Diagnostics) and Licensed Products from the ***Licensed Program in the Gilead Territory; and (b) an exclusive, royalty-bearing (to the extent provided in Section 8.5.3), non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop, Manufacture and Commercialize, in the Field, Diagnostics for use solely with Program DARTs and Licensed Products from the ***Licensed Program in the Gilead Territory.

4.1.2***Licensed Program. Subject to the terms of this Agreement, effective upon the Clearance Date for the ***Licensed Program, MacroGenics hereby grants Gilead (a) an exclusive, royalty-bearing, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop, Manufacture and Commercialize, Program DARTs (other than Diagnostics) and Licensed Products from the *** Licensed Program in the Gilead Territory in the Field; (b) an exclusive, royalty-bearing (to the extent provided in Section 8.5.3), non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop, Manufacture and Commercialize Diagnostics for use solely with Program DARTs and Licensed Products from the

***Licensed Program in the Gilead Territory in the Field; and (c) subject to Section 5.4, a non-exclusive, royalty-bearing (to the extent provided in Section 8.5), non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop and Manufacture ***Program DARTs and ***Licensed Products in the MacroGenics Territory, provided that such ***Program DARTs and ***Licensed Products are Commercialized only in the Gilead Territory and only in the Field.

4.1.3*** Licensed Program. Subject to the terms of this Agreement, effective upon the Clearance Date for the *** Licensed Program, MacroGenics hereby grants Gilead (a) an exclusive, royalty-bearing, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop, Manufacture and Commercialize, Program DARTs (other than Diagnostics) and Licensed Products from the *** Licensed Program in the Gilead Territory in the Field; and (b) an exclusive, royalty-bearing (to the extent provided in Section 8.5.3), non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop, Manufacture and Commercialize Diagnostics for use solely with Program DARTs and Licensed Products from the *** Licensed Program in the Gilead Territory in the Field.

4.1.4*** Licensed Program. Subject to the terms of this Agreement, effective upon the Clearance Date for the *** Licensed Program, MacroGenics hereby grants Gilead (a) an exclusive, royalty-bearing, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop, Manufacture and Commercialize, Program DARTs (other than Diagnostics) and Licensed Products from the *** Licensed Program in the Gilead Territory in the Field; and (b) an exclusive, royalty-bearing (to the extent provided in Section 8.5.3), non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics' and its Affiliates' interests in MacroGenics IP and Joint IP, to Research, Develop, Manufacture and Commercialize Diagnostics for use solely with Program DARTs and Licensed Products from the *** Licensed Program in the Gilead Territory in the Field.

4.2 License Grant to MacroGenics. Subject to the terms of this Agreement, Gilead hereby grants MacroGenics (a) effective upon the Clearance Date for the ***Licensed Program, an exclusive, royalty-free, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under Gilead's and its Affiliates' interest in Gilead Collaboration IP and Joint IP, to Research, Develop, Manufacture and Commercialize ***Program DARTs and ***Licensed Products in the MacroGenics Territory in the Field; (b) effective upon the Clearance Date for the ***Licensed Program, an exclusive, royalty-free, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under Gilead's and its Affiliates' interest in Gilead Collaboration IP and Joint IP, to Research, Develop, Manufacture and Commercialize Diagnostics for use solely with ***Program DARTs and ***Licensed Products in the MacroGenics Territory in the Field; (c) effective upon the Clearance Date for the ***Licensed Program, subject to Section 5.5, a non-

exclusive, royalty-free, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under Gilead's and its Affiliates' interest in Gilead Collaboration IP and Joint IP, to Research, Develop and Manufacture ***Program DARTs and ***Licensed Products in the Gilead Territory, provided that such ***Program DARTs and ***Licensed Products are Commercialized only in the MacroGenics Territory and only in the Field; and (d) subject to Section 4.9, a non-exclusive, royalty-free, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under Gilead's and its Affiliates' interest in Gilead Collaboration IP and Joint IP that are Platform IP, to Research, Develop, Manufacture and Commercialize throughout the world DARTs which are not Program DARTs or Licensed Products.

4.3 Sublicenses. Each Party shall have the right to grant sublicenses within the scope of the licenses under Section 4.1 or 4.2, as applicable, to its Affiliates and to Third Parties that desire to conduct Research, Development, Manufacture and/or Commercialization activities with respect to Program DARTs and Licensed Products; provided, however, that without the prior written consent of MacroGenics, Gilead shall not have the right to sublicense (a) any MacroGenics Know-How to any Generic Licensee; (b) any rights under Patents or Know-How licensed to MacroGenics pursuant to a MacroGenics Third Party Agreement to any Generic Licensee; or (c) any rights under Patents or Know-How licensed to MacroGenics pursuant to a MacroGenics Third Party Agreement that requires MacroGenics (or the applicable Third Party licensor) to consent to any such sublicense; and provided further that any sublicense granted to a Third Party (other than a Generic Licensee or Compulsory Licensee) under this Agreement shall be pursuant to a written agreement that subjects such sublicensee to all relevant restrictions and limitations set forth in this Agreement, including the confidentiality provisions of ARTICLE 10. If either Party grants a sublicense to a Third Party (including to any Generic Licensee) as permitted by this Section 4.3, then such Party shall provide the other Party prompt written notice thereof and shall provide the other Party with an executed copy of any such sublicense (redacted as necessary to protect confidential or commercially sensitive information). Except with respect to any Generic Licensee or Compulsory Licensee or as otherwise agreed by the Parties in writing, each Party shall be jointly and severally responsible with its sublicensees to the other Party for failure by its sublicensees to comply with this Agreement. Each Party shall use commercially reasonable efforts to enforce the terms of any sublicense granted by such Party under this Agreement to any sublicensee other than a Compulsory Licensee to the extent such Party learns, or otherwise knows, that such sublicensee is in breach of any provision of such sublicense in a manner that would reasonably be likely to materially harm the other Party. In the event that a Generic Licensee fails to honor a payment obligation under a sublicense granted under this Agreement (and has not cured such failure within any applicable cure period), at the request of MacroGenics, Gilead shall, at Gilead's election, either terminate the sublicense or pay MacroGenics the amount that would have been due to MacroGenics under Section 8.5.2 if such Generic Licensee had honored its payment obligation.

4.4 First Right of Negotiation For MacroGenics Territory. If at any time during the Agreement Term MacroGenics desires to enter into a licensing transaction with a Third Party to Commercialize one or more ***Program DART(s) or ***Licensed Product(s) in the Field in the MacroGenics Territory (but excluding any transaction that results in a Change of Control), MacroGenics shall notify Gilead of its intent to enter into such a transaction, identifying the

applicable ***Program DART(s) or ***Licensed Products(s) that is(are) proposed to be the subject of such transaction. Gilead shall have *** days from receipt of such written notice to notify MacroGenics in writing as to whether Gilead desires to negotiate for such rights, and if Gilead so notifies MacroGenics that it does desire to negotiate for such rights, the Parties shall, for a period of *** days from the date of such notification to MacroGenics, negotiate in good faith the terms of a definitive agreement for such rights; provided, however, that if Gilead and MacroGenics do not enter into a definitive agreement within such *** day period, Gilead's rights under this Section 4.4 shall terminate and MacroGenics shall be free to enter into any licensing transaction to Commercialize the applicable ***Program DART(s) or ***Licensed Product(s) in the Field in the MacroGenics Territory without further obligation to Gilead under this Section 4.4.

4.5 Subcontracting. Subject to the terms of this Agreement, each Party shall have the right to engage Affiliates or Third Party subcontractors to perform activities ascribed to such Party, under this Agreement. Any Affiliate or subcontractor to be engaged by a Party to perform a Party's obligations under this Agreement shall meet the qualifications typically required by such Party for the performance of work similar in scope and complexity to the subcontracted activity; provided, however, that any Party engaging an Affiliate or subcontractor hereunder shall remain fully responsible and obligated for such activities. In addition, each Party engaging a subcontractor shall (a) obtain such rights to any Know-How, Patents or other intellectual property rights created, discovered, invented, conceived or reduced to practice by such subcontractor with respect to any Program DART or Licensed Product as may be required for the Parties to exercise their rights and carry out their responsibilities under this Agreement with respect to such Program DART or Licensed Product without infringing the intellectual property rights of such subcontractor and, unless otherwise agreed by the other Party in writing, without incurring any additional costs that would be borne by the other Party, and (b) use Commercially Reasonable Efforts to obtain Control of any Know-How, Patents or other intellectual property rights created, discovered, invented, conceived or reduced to practice by such subcontractor with respect to any Program DART or Licensed Product.

4.6 MacroGenics Third Party Agreements.

4.6.1 In the event that MacroGenics enters into an agreement with a Third Party after the Effective Date that meets the criteria set forth in clause (a) of the definition of MacroGenics Third Party Agreements, then MacroGenics will promptly provide Gilead with notice and a copy of the applicable Third Party agreement. Within *** days following receipt of such notice, Gilead will decide, in its sole discretion, whether or not to accept the applicable Third Party agreement as a MacroGenics Third Party Agreement, and provide MacroGenics written notice of such decision. In the event that Gilead accepts such Third Party agreement as a MacroGenics Third Party Agreement, such agreement will thereafter be included within the definition of MacroGenics Third Party Agreements. In the event that Gilead does not accept such Third Party agreement as a MacroGenics Third Party Agreement, (a) Gilead and its Affiliates shall have no obligations with respect to such Third Party agreement and (b) to the extent there is a conflict between the terms of any such Third Party agreement and the terms of this Agreement, including the rights granted to Gilead hereunder, then as between Gilead and MacroGenics, the terms of this Agreement shall control.

4.6.2 Gilead covenants to comply with, and to cause its Affiliates and Sublicensees to comply with, any MacroGenics Third Party Agreements, and to take any action or provide any information reasonably requested by MacroGenics to prevent any potential breach of any terms of such MacroGenics Third Party Agreements. To the extent there is a conflict between the terms of any MacroGenics Third Party Agreement and the rights granted to Gilead hereunder, the terms of such MacroGenics Third Party Agreement shall control solely with respect to the Patents and Know-How owned or controlled by such Third Party licensor. MacroGenics shall not terminate or consent to the termination of any MacroGenics Third Party Agreement without Gilead's prior reasonable consent if such termination would affect any license or other rights of Gilead hereunder; provided, however, that MacroGenics may (a) ***.

4.7 Rights Retained by the Parties. Any rights of MacroGenics or Gilead, as the case may be, not expressly granted to the other Party pursuant to this Agreement shall be retained by such Party. Notwithstanding the exclusive licenses granted to Gilead pursuant to Section 4.1, MacroGenics retains the right to (a) practice the MacroGenics IP and Joint IP to perform (and to sublicense Third Parties to perform) its obligations under this Agreement and in the exercise of its rights under the license grant set forth in Section 4.2(c); and (b) *******. Notwithstanding the exclusive licenses granted to MacroGenics pursuant to Section 4.2, Gilead retains the right to practice the Gilead Collaboration IP and Joint IP in the exercise of its rights under the license grant set forth in Section 4.1.2(c).

4.8 Section 365(n) of the Bankruptcy Code. All rights and licenses granted under or pursuant to any section of this Agreement are and will otherwise be deemed to be for purposes of Section 365(n) of the United States Bankruptcy Code (Title 11, U.S. Code), as amended (the "Bankruptcy Code"), or any analogous provision of applicable Law outside the United States, licenses of rights to "intellectual property" as defined in Section 101(35A) of the Bankruptcy Code, or any analogous provision of applicable Law outside the United States. The Parties will retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code or analogous provisions of applicable Law outside the United States. Each Party agrees that the other Party, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code or any other provisions of applicable Law outside the United States that provide similar protection for "intellectual property." The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the U.S. Bankruptcy Code or analogous provisions of applicable Law outside the United States, the other Party will be entitled to a complete duplicate of (or complete access to, as appropriate) such intellectual property and all embodiments of such intellectual property, which, if not already in such Party's possession, will be promptly delivered to it upon such Party's written request thereof. Any agreements supplemental hereto will be deemed to be "agreements supplementary to" this Agreement for purposes of Section 365(n) of the Bankruptcy Code or any analogous provision of applicable Law outside the United States.

4.9 Exclusivity.

4.9.1 During the term of this Agreement, other than with respect to the Research and Development activities pursuant to this Agreement or as permitted under Section 4.7(b), neither MacroGenics nor its Affiliates shall, *******, (a) conduct or assist any Third Party in

conducting any Research, Development, Manufacture or Commercialization of a Competing Product in the Gilead Territory, (b) *** (c) grant any license or other rights to any Third Party under its interests in the MacroGenics IP or Joint IP to Research, Develop, Manufacture or Commercialize a Competing Product in the Gilead Territory. Notwithstanding the foregoing, MacroGenics shall not be deemed to have breached its obligations under clause (a) of this Section 4.9.1 solely as a result of activities conducted by a Third Party licensee, sublicensee or collaborator of MacroGenics if (x) the conduct of such activities by such Third Party violates the terms of the applicable agreement between MacroGenics and such Third Party and (y) MacroGenics uses reasonable efforts to enforce the terms of such agreement against such Third Party.

4.9.2 Subject to Section 15.4, in the event of an acquisition of MacroGenics or its assets or equity by a Third Party, the prohibitions set forth in Section 4.9.1 shall not apply to the extent a breach of Section 4.9.1 would result from an activity or conduct by such Third Party where such Third Party was engaged in such activity or conduct prior to such acquisition.

ARTICLE 5
DEVELOPMENT

5.1 Overview. Following receipt by MacroGenics of a Preclinical Milestone Payment Notice for any Licensed Program, Gilead will, subject to the terms of this Agreement, be responsible for the Development of Licensed Products from such Licensed Program in the Field for the Gilead Territory. Following receipt by MacroGenics of a Preclinical Milestone Payment Notice for the *** Licensed Program, MacroGenics will, subject to the terms of this Agreement, be responsible for Development of Licensed Products from the *** Licensed Program in the Field for the MacroGenics Territory. While the Parties may choose, at their sole discretion, to work together on particular projects, except as otherwise provided in this Agreement, the Parties will operate independently in their activities for their respective Development of Licensed Products, but will provide access to certain information to each other as expressly described in this Agreement.

5.2 Gilead Diligence Obligations. Gilead shall, at its own expense, use Commercially Reasonable Efforts to Develop and obtain Regulatory Approval for (a) in the *** and (b) in***.

5.3 Joint Development Activities. With respect to the *** Licensed Program, from time to time during the License Term, either Party may submit a proposal to the other Party through the Alliance Managers to jointly conduct Development activities specifically designed for the purpose of facilitating Regulatory Approval of a *** Licensed Product in both the Gilead Territory and the MacroGenics Territory (a "Joint Development Activity"). In the event that the Parties mutually agree to conduct such Joint Development Activity, the Parties will (a) agree in writing to a written work plan and time table for conducting such Joint Development Activity and a mechanism for adopting amendments thereto; (b) agree in writing to governance and management mechanisms for such Joint Development Activity, including coordination of such Joint Development Activity through the Alliance Managers; and (c) negotiate in good faith a budget therefor, a mechanism for adopting amendments thereto, and an equitable allocation of costs between the Parties.

5.4 Gilead *** Clinical Trials.

5.4.1 In the event that Gilead or one of its Affiliates or Sublicensees desires to conduct, directly or indirectly, any Clinical Trial or other clinical study, including any investigator initiated studies sponsored by Gilead or its Affiliates or Sublicensees, of any ***Program DART or ***Licensed Product in any country in the MacroGenics Territory ***:

(a) MacroGenics shall have the right to review a draft of the protocol of such Clinical Trial or study reasonably in advance of the commencement of such Clinical Trial or study;

(b) MacroGenics shall have the right to provide comments on such draft protocol to Gilead no later than *** weeks after receipt by MacroGenics thereof, and Gilead (or its applicable Affiliate or Sublicensee) shall reasonably consider such comments;

(c) MacroGenics shall have the right to object to such protocol based on a Significant Adverse Effect (a "MacroGenics Objection"), provided that (i) the basis of such MacroGenics Objection is consistently applied by MacroGenics to its and Gilead's active and completed Clinical Trials or other studies with respect to the ***Licensed Program, (ii) such MacroGenics Objection is made by written notice to Gilead no later than *** weeks after receipt by MacroGenics of the protocol, and such written notice specifically identifies, in reasonable detail, the potential risk such Clinical Trial or study may pose. Gilead may proceed with any such Clinical Trial or study in the event that MacroGenics does not provide written notice of a MacroGenics Objection within such *** week period;

(d) in the event MacroGenics timely and appropriately delivers notice of a MacroGenics Objection to Gilead, (i) the Parties' respective clinical development teams shall, within *** Business Days following the delivery of such notice, convene for the purpose of discussing in good faith and resolving the MacroGenics Objection, and (ii) (x) if conducting such Clinical Trial or study is reasonably necessary for obtaining or maintaining Marketing Approval for a Licensed Product in the ***, then Gilead or its applicable Affiliate or Sublicensee may conduct (or sponsor, as applicable) such Clinical Trial or study without the approval of MacroGenics, and (y) in all other cases, Gilead or its applicable Affiliate or Sublicensee may not conduct (or sponsor, as applicable) such Clinical Trial or study without the prior written approval of MacroGenics (not to be unreasonably withheld, conditioned or delayed); provided, however, that withholding, conditioning or delaying such approval based on the continued existence of a Significant Adverse Effect shall be deemed not unreasonable; and

(e) in the event any protocol for any Clinical Trial or study previously reviewed by Gilead pursuant to this Section 5.4.1 is materially changed, such Clinical Trial or study under such changed protocol shall again be subject to the provisions of this Section 5.4.1 as if it were a new Clinical Trial or study.

5.4.2 Without the prior written consent of MacroGenics, neither Gilead nor any of its Affiliates or Sublicensees shall conduct, directly or indirectly, any Clinical Trial or other clinical study, including any investigator initiated studies sponsored by Gilead or its Affiliates or Sublicensees, of any ***Program DART or ***Licensed Product in ***.

5.4.3 In the event that Gilead or one of its Affiliates or Sublicensees desires to conduct, directly or indirectly, any Clinical Trial or other clinical study, including any investigator initiated studies sponsored by Gilead or its Affiliates or Sublicensees, of any ***Program DART or ***Licensed Product in the Gilead Territory, MacroGenics shall have the right to review a draft of the protocol of such Clinical Trial or study reasonably in advance of the commencement of such Clinical Trial or study.

5.5 MacroGenics ***Clinical Trials.

5.5.1 In the event that MacroGenics or one of its Affiliates or Sublicensees desires to conduct, directly or indirectly, any Clinical Trial or other clinical study, including any investigator initiated studies sponsored by MacroGenics or its Affiliates or Sublicensees, of any ***Program DART or ***Licensed Product:

(a) Gilead shall have the right to review a draft of the protocol of such Clinical Trial or study reasonably in advance of the commencement of such Clinical Trial or study;

(b) Gilead shall have the right to provide comments on such draft protocol to MacroGenics no later than *** weeks after receipt by Gilead thereof, and MacroGenics (or its applicable Affiliate or Sublicensee) shall reasonably consider such comments;

(c) Gilead shall have the right to object to such protocol based on a Significant Adverse Effect (a "Gilead Objection"), provided that (i) the basis of such Gilead Objection is consistently applied by Gilead to its and MacroGenics' active and completed Clinical Trials or other studies with respect to the *** Licensed Program, (ii) such Gilead Objection is made by written notice to MacroGenics no later than *** weeks after receipt by Gilead of the protocol, and such written notice specifically identifies, in reasonable detail, the potential risk such Clinical Trial or study may pose. MacroGenics may proceed with any such Clinical Trial or study in the event that Gilead does not provide written notice of a Gilead Objection within such *** week period; and

(d) in the event Gilead timely and appropriately delivers notice of a Gilead Objection to MacroGenics, (i) the Parties' respective clinical development teams shall, within *** Business Days following the delivery of such notice, convene for the purpose of discussing in good faith and resolving the Gilead Objection, and (ii) without the prior written approval of Gilead (not to be unreasonably withheld, conditioned or delayed; provided, however, that withholding, conditioning or delaying such approval based on the continued existence of a Significant Adverse Effect shall be deemed not unreasonable), MacroGenics or its applicable Affiliate or Sublicensee shall not conduct (or sponsor, as applicable) such Clinical Trial or study.

5.5.2 In the event any protocol for any Clinical Trial or study previously reviewed by Gilead pursuant to Section 5.5.1 is ***, such Clinical Trial or study under such changed protocol shall again be subject to the provisions of Section 5.5.1 as if it were a new Clinical Trial or study.

5.6 Development Costs.

5.6.1 Gilead Territory Development Activities. Except as specifically provided in Section 5.3, Gilead shall be responsible for *** of all Development costs incurred by Gilead and its Affiliates with respect to any Development activities that are conducted with respect to Program DARTs or Licensed Products in the Field in the Gilead Territory or, as permitted under this Agreement, in the MacroGenics Territory.

5.6.2 MacroGenics Territory Development Activities. Except as specifically provided in Section 5.3 or the Research Plan for the ***Research Program, MacroGenics shall be responsible for *** of all Development costs incurred by MacroGenics and its Affiliates with respect to any Development activities that are conducted with respect to Program DARTs and Licensed Products from the ***Licensed Program in the Field in the MacroGenics Territory or, as permitted under this Agreement, in the Gilead Territory.

5.7 Reports; Exchange of Data.

5.7.1 For each Licensed Program, from Gilead's delivery of a Preclinical Milestone Payment Notice for such Licensed Program until the receipt of Marketing Approval for a Licensed Product from such Licensed Program, Gilead shall, by January 31st of each Calendar Year, provide a report on Gilead's Research and Development activities for such Licensed Program. The report shall describe, among other matters: (a) material activities completed since the last report including the object and parameters of the Development, when initiated, when completed and a summary of all material results; (b) material activities currently under investigation; (c) material activities planned to be undertaken before the next report including the type and object of any Clinical Trials to be conducted and their projected starting and completion dates; and (d) material changes in Gilead's Development and Commercialization plans. In addition, Gilead shall reasonably respond to reasonable requests by MacroGenics for information regarding Gilead's Research and Development activities for such Licensed Program. All reports and information provided to MacroGenics by Gilead pursuant to this Section 5.7.1 shall be deemed the Confidential Information of Gilead and subject to the confidentiality and non-use obligations set forth in ARTICLE 10.

5.7.2 Without limitation of Section 5.5, from Gilead's delivery of a Preclinical Milestone Payment Notice for the ***Licensed Program until the receipt of Marketing Approval for a Licensed Product from the ***Licensed Program, MacroGenics shall, by January 31st of each Calendar Year, provide a report on MacroGenics' Research and Development activities for the ***Licensed Program. The report shall describe, among other matters: (a) material activities completed since the last report including the object and parameters of the Development, when initiated, when completed and a summary of all material results; (b) material activities currently under investigation; (c) material activities planned to be undertaken before the next report

including the type and object of any contemplated Clinical Trials and their projected starting and completion dates; and (d) material changes in MacroGenics' Development and Commercialization plans. In addition, MacroGenics shall reasonably respond to reasonable requests by Gilead for information regarding MacroGenics' Research and Development activities for the ***Licensed Program. All reports and information provided to Gilead by MacroGenics pursuant to this Section 5.7.2 shall be deemed the Confidential Information of MacroGenics and subject to the confidentiality and non-use obligations set forth in ARTICLE 10.

5.7.3 Exchange of Data. Promptly after MacroGenics' receipt of a Preclinical Milestone Payment Notice with respect to any Licensed Program, and from time to time thereafter during the applicable License Term, in each case in a manner and following a reasonable schedule to be established by the Alliance Managers:

(a) MacroGenics shall (i) transfer to Gilead all MacroGenics Know-How described in clause (b) of Section 1.70, and (ii) disclose to Gilead all other MacroGenics Know-How, in each case ((i) and (ii)) related to Program DARTs and Licensed Products from such Licensed Program, created by or on behalf of MacroGenics and not already transferred or disclosed to Gilead. Such transfer and disclosure shall include copies of relevant material, information, reports and data, including pre-clinical data, clinical data, and any data that has been provided to Regulatory Authorities for the purpose of obtaining Regulatory Approval.

(b) If such Preclinical Milestone Payment Notice was delivered with respect to the ***Licensed Program, Gilead shall (i) transfer to MacroGenics all Gilead Collaboration Know-How described in clause (b) of Section 1.70, and (ii) disclose to MacroGenics all other Gilead Collaboration Know-How, in each case ((i) and (ii)) related to ***Program DARTs and ***Licensed Products, created by or on behalf of Gilead and not already transferred or disclosed to MacroGenics. Such transfer and disclosure shall include copies of relevant material, information, reports and data, including pre-clinical data, clinical data, and any data that has been provided to Regulatory Authorities for the purpose of obtaining Regulatory Approval.

5.7.4 Use. All preclinical, non-clinical, analytical, manufacturing, and clinical data and associated reports disclosed by one Party to the other under this Agreement may be used by the receiving Party subject to the terms of this Agreement solely for the purpose of exercising its rights and performing its obligations under this Agreement. Subject to ARTICLE 10, each Party shall have the right to share any and all such data and other regulatory materials received from the other Party with its Affiliates and Sublicensees and subcontractors solely for the purpose of exercising such Party's rights and performing its obligations under this Agreement.

ARTICLE 6
REGULATORY MATTERS

The provisions of this ARTICLE 6 shall apply during each License Term.

6.1 Gilead Regulatory Responsibility.

6.1.1 Following receipt by MacroGenics of a Preclinical Milestone Payment Notice, Gilead shall (a) own and be responsible for preparing, filing and maintaining all Regulatory Documentation and Regulatory Approvals that are required for the Development, Manufacture and Commercialization of the Program DARTs or Licensed Products from the applicable Licensed Program in the Field in the Gilead Territory for such Licensed Program, (b) otherwise be responsible for and have sole authority as to all interactions with Regulatory Authorities in the Gilead Territory for such Licensed Program with respect to such Licensed Program, and (c) comply with all applicable Laws in the Gilead Territory for such Licensed Program, including FDA regulations, local regulations and ICH guidelines, with respect to such Licensed Program.

6.1.2 Gilead hereby grants to MacroGenics a Right of Reference or Use to any Regulatory Documentation in the *** Licensed Territory Controlled by Gilead for use by MacroGenics in the MacroGenics Territory, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by MacroGenics in order to further effect such grant. Gilead shall permit any relevant Regulatory Authority to inspect any such Regulatory Documentation. Gilead shall also permit MacroGenics, upon reasonable notice, during regular business hours, to inspect any such Regulatory Documentation; provided, however, that such inspections be limited in frequency to once per Calendar Year unless extraordinary circumstances (as reasonably agreed by the Parties) require more frequent inspections.

6.2 MacroGenics Regulatory Responsibility.

6.2.1 During the ***License Term MacroGenics shall (a) own and be responsible for preparing, filing and maintaining all Regulatory Documentation and Regulatory Approvals that are required for the Development, Manufacture and Commercialization of ***Program DARTs or ***Licensed Products in the Field in the MacroGenics Territory, (b) otherwise be responsible for and have sole authority as to all interactions with Regulatory Authorities in the MacroGenics Territory with respect to the ***Licensed Program, and (c) comply with all applicable Laws in the MacroGenics Territory, including FDA regulations, local regulations and ICH guidelines, with respect to the ***Licensed Program.

6.2.2 MacroGenics hereby grants to Gilead a Right of Reference or Use to any Regulatory Documentation in the MacroGenics Territory Controlled by MacroGenics for use by Gilead in the Gilead Territory, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by Gilead in order to further effect such grant. MacroGenics shall permit any relevant Regulatory Authority to inspect any such Regulatory Documentation. MacroGenics shall also permit Gilead, upon reasonable notice,

during regular business hours, to inspect any such Regulatory Documentation; provided, however, that such inspections be limited in frequency to once per Calendar Year unless extraordinary circumstances (as reasonably agreed by the Parties) require more frequent inspections.

6.3 Communications with Regulatory Authorities.

6.3.1 Gilead shall be responsible for all submissions to, and communications and interactions with, Regulatory Authorities in the Gilead Territory for any Licensed Program with respect to Program DARTs and Licensed Products from such Licensed Program, and MacroGenics shall be responsible for all submissions to, and communications and interactions with, Regulatory Authorities in the MacroGenics Territory with respect to *** Program DARTs and *** Licensed Products. In connection therewith:

(a) Gilead shall keep MacroGenics reasonably informed regarding Gilead's (or its Affiliate's or Sublicensee's) regulatory strategy, planned regulatory submissions and communications with the Regulatory Authorities in the *** Licensed Territory with respect to *** Program DARTs and *** Licensed Products, including any significant changes to such strategy, submissions or communications. Gilead shall provide MacroGenics with copies of key portions of regulatory submissions to, and key communications with, the FDA and Regulatory Authorities in the EU relating to the *** Program DARTs and *** Licensed Products in the *** Licensed Territory.

(b) MacroGenics shall keep Gilead reasonably informed regarding MacroGenics' (or its Affiliate's or Sublicensee's) regulatory strategy, planned regulatory submissions and communications with the Regulatory Authorities in the MacroGenics Territory with respect to Program DARTs and Licensed Products from the *** Licensed Program, including any significant changes to such strategy, submissions or communications. MacroGenics shall provide Gilead with copies of key portions of regulatory submissions to, and key communications with, the PMDA relating to the *** Program DARTs and *** Licensed Products in the MacroGenics Territory.

6.4 Pharmacovigilance and Safety Data Reporting for the *** Licensed Program.

6.4.1 Pharmacovigilance. Commencing at least thirty (30) days prior to the projected date for Gilead's commencement of the first Phase 1 Clinical Trial for a *** Licensed Product, if MacroGenics is then actively Developing a *** Licensed Product, the Parties shall negotiate in good faith, with respect to *** Licensed Products, a safety data exchange agreement, governing the collection, investigation, reporting, and exchange of information concerning adverse drug reactions/experience, *** Licensed Product quality and *** Licensed Product complaints, sufficient to permit each Party to comply with its legal obligations (the "SDEA Agreement"). The SDEA Agreement shall provide that Gilead will establish and maintain the global safety database for each *** Licensed Product. The SDEA Agreement will be promptly updated if required by changes in legal requirements. The Parties may mutually agree to terminate the SDEA Agreement at any time if a Party determines to permanently cease conducting Development and Commercialization activities with respect to *** Licensed Products.

6.4.2 Safety Data Reporting.

(a) Each Party shall keep the other Party informed about any adverse drug reactions/experiences (as defined in the SDEA Agreement) of which such Party becomes aware or is informed about regarding the use of a ***Licensed Product in the MacroGenics Territory or the ***Licensed Territory. As between the Parties, Gilead shall be responsible for reporting all such adverse drug reactions/experiences to the appropriate Regulatory Authorities in countries in the ***Licensed Territory, and MacroGenics shall be responsible for reporting all such adverse drug reactions/experiences to the appropriate Regulatory Authorities in the MacroGenics Territory for the ***Licensed Program, in each case in accordance with the appropriate Laws of the relevant countries and authorities. Gilead shall ensure that its Affiliates and Sublicensees comply with such reporting obligations in the ***Licensed Territory and MacroGenics shall ensure that its Affiliates and sublicensees (other than Gilead and its Sublicensees) comply with such reporting obligations in the MacroGenics Territory. These reporting obligations shall apply to other adverse events with respect to ***Licensed Products as described in the SDEA Agreement, including adverse events occurring from product overdose or from product withdrawal, as well as any toxicity, sensitivity, failure of expected pharmacological action, or laboratory abnormality which is, or is thought by the reporter, to be serious or associated with relevant clinical signs or symptoms.

(b) For the ***Licensed Program, during the negotiation of the SDEA Agreement, each Party will designate a pharmacovigilance liaison to be responsible for communicating with the other Party regarding the reporting of adverse drug reactions/experiences. Each Party (the "Notifying Party") shall notify the other Party in writing of all information coming to the Notifying Party's attention, regardless of the origin of such information, and including such information coming to its attention through clinical and non-clinical sources (including journal publications and other media), regarding adverse drug reactions/experiences associated with a ***Licensed Product, whether in the ***Licensed Territory or in the MacroGenics Territory.

ARTICLE 7
COMMERCIALIZATION

The provisions of this ARTICLE 7 shall apply during each License Term.

7.1 Overview. Gilead shall have sole control and responsibility for the Commercialization of Licensed Products in the Field in the Gilead Territory and shall bear all costs and expenses associated therewith. MacroGenics shall have sole control and responsibility for the Commercialization of *** Licensed Products in the MacroGenics Territory and shall bear all costs and expenses associated therewith. The Party with responsibility for Commercialization of a Licensed Product in a Territory shall be referred to as the "Commercializing Party" for such Territory.

7.2 Gilead Obligations. Following receipt of the applicable Marketing Approval with respect to each Licensed Product, Gilead shall, at its own expense, use Commercially Reasonable Efforts to Commercialize such Licensed Product in the ***.

7.3 Sales and Distribution. It is understood that as between the Parties, the Commercializing Party shall be solely responsible for handling all returns, order processing, invoicing and collection, distribution, and receivables for Licensed Products in the applicable Territory.

7.4 Ex-Territory Sales. Subject to applicable Law, the Commercializing Party shall not engage in any advertising or promotional activities relating to Licensed Product directed primarily to customers or other buyers or users of Licensed Product located outside its Territory, or accept orders for Licensed Products from or sell Licensed Products into the other Party's Territory, whether for its own account or for the other Party's account. If the Commercializing Party receives any order for Licensed Products in the other Party's Territory, it shall refer such orders to the other Party for acceptance or rejection.

7.5 Commercialization Plan. For each Licensed Product, Gilead shall deliver an initial Commercialization plan to MacroGenics no later than *** prior to the anticipated date of the First Commercial Sale of such Licensed Product in the Gilead Territory . For each *** Licensed Product, MacroGenics shall deliver an initial Commercialization plan to Gilead no later than *** prior to the anticipated date of the First Commercial Sale of such Licensed Product in the MacroGenics Territory.

7.6 Trademarks.

7.6.1 Ownership of Trademarks. Subject to Section 7.6.2, Gilead and its Affiliates shall select the trademarks under which they will market Licensed Products ("Gilead Product Trademark"), which trademarks shall not contain the word "MacroGenics". Gilead and its Affiliates shall own such Gilead Product Trademarks worldwide. Subject to Section 7.6.2, MacroGenics and its Affiliates shall select the trademarks under which they propose to market *** Licensed Products in the MacroGenics Territory ("MacroGenics Product Trademark"), which trademarks shall not contain the word "Gilead", and shall notify Gilead thereof and provide Gilead with a reasonable opportunity to comment thereon prior to commencing any registration or use thereof. MacroGenics and its Affiliates shall own such MacroGenics Product Trademarks worldwide.

7.6.2 Selection and Use of Trademarks. MacroGenics shall not, and shall not permit its Affiliates or Sublicensees, to select or use as a MacroGenics Product Trademark any trademark that is identical to or likely to cause confusion with the GILEAD trademark or any trademark for any pharmaceutical product of Gilead or any of its Affiliates. Gilead shall not, and shall not permit its Affiliates or Sublicensees, to select or use as a Gilead Product Trademark any Trademark that is identical to or likely to cause confusion with the MACROGENICS trademark or any trademark for any pharmaceutical product of MacroGenics or any of its Affiliates.

7.6.3 Future License. To the extent that either Party desires to utilize the other Party's Product Trademark to Commercialize *** Licensed Products in its Territory for the *** Licensed Program, then Gilead and MacroGenics shall enter into good faith discussions regarding a separate trademark license agreement containing commercially reasonable and customary terms pursuant to which the Party that owns such Product Trademark would grant the other Party an exclusive license to use the applicable Product Trademark(s) to Commercialize *** Licensed Products in such other Party's Territory; provided, that neither Party shall have any obligation to enter into any such trademark license agreement.

7.7 Standards of Conduct.

7.7.1 Each Party shall in all respects comply with all applicable Laws and applicable guidelines concerning the advertising, sales and marketing of prescription drug products in Commercializing Licensed Products under this Agreement, including any applicable anti-bribery laws, including those described in Section 7.7.2.

7.7.2 Without limiting Section 7.7.1, in connection with any activities under this Agreement, neither Party shall give, offer, promise, or authorize any payment, benefit, or gift of money or anything else of value, directly or indirectly, to (a) any Government or Public Official; (b) any political party, party official or candidate for public or political office; (c) any Person while knowing or having reason to know that all or a portion of the value will be given, offered or promised, directly or indirectly, to anyone described in terms (a) or (b) above; or (d) any owner, director, employee, representative or agent of any actual or potential customer of the Parties, in each case ((a) through (d)) for purposes of influencing any act or decision of such individual in his official capacity, inducing such individual to do or omit to do any act in violation of the individual's duty, inducing the individual to use the individual's official influence with a government to affect or influence an act or decision of the government, or to secure any improper advantage in order to assist in obtaining or retaining business, or where such payment, benefit or gift would constitute a violation of any Law, including the Foreign Corrupt Practices Act of 1977 (the "FCPA"), the United Kingdom Bribery Act (the "UKBA") or any Law enacted pursuant to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions Convention. If, at any time during the term of this Agreement, either Party breaches its obligations under Section 7.7.1 or this Section 7.7.2, such Party shall immediately notify the other Party.

7.7.3 During the term of this Agreement, each Party shall maintain true and accurate records: (a) documenting its interactions with any government or Government or Public Official relating to its activities in connection with this Agreement; (ii) payments made by it to any Government or Public Official; and (iii) political contributions. In the event of a claim or investigation, or an official request for a Party to cooperate with respect to any such claim or investigation, by a Regulatory Authority or other legal authority having jurisdiction over either Party of an alleged violation of the FCPA, UKBA or any analogous Law in any other jurisdiction arising from any activities conducted by the other Party in connection with this Agreement, such other Party shall provide such Regulatory Authority or other legal authority having jurisdiction over the Party with access to such other Party's facilities, records (financial and otherwise) and supporting documentation, as reasonably requested by the Party or its agents in order to cooperate in connection with such claim or investigation.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

ARTICLE 8
PAYMENTS

8.1 License Fees. Gilead shall pay MacroGenics a non-refundable, non-creditable payment of Seven Million Five Hundred Thousand Dollars ($7,500,000) for each Licensed Program within ******* after (a) with respect to the *******Licensed Program, the later of the Effective Date and Gilead's receipt of the corresponding invoice; and (b) with respect to the *******Licensed Program, the ******* Licensed Program and the ******* Licensed Program, the later of the Clearance Date for such Licensed Program and the date of Gilead's receipt of the corresponding invoice. Each such payment is referred to as a "License Fee", and the maximum amount of License Fees payable hereunder shall be Thirty Million Dollars ($30,000,000).

8.2 Preclinical Milestone Payments. Within ******* after Gilead delivers to MacroGenics a Preclinical Milestone Payment Notice with respect to any Licensed Program, Gilead shall pay MacroGenics a non-refundable, non-creditable payment (the "Preclinical Milestone Payment") of:

(a) *******, Twenty Five Million Dollars ($25,000,000);

(b) ***, Twenty Million Dollars ($20,000,000);

(c) ***, Twenty Million Dollars ($20,000,000); and

(d) ***, Twenty Million Dollars ($20,000,000).

8.3 Development and Regulatory Milestones.

8.3.1 Development and Regulatory Milestones. During the License Term for each Licensed Program, for each milestone set forth in this Section 8.3.1 achieved by Gilead or its Affiliates or Sublicensees with respect to such Licensed Program, Gilead shall pay the corresponding non-refundable, non-creditable amount indicated for that milestone for the first instance of its achievement:

	Milestone Event	Column I Payment for First Licensed Product	Column II Payment for First Subsequent Licensed Product*
(a)	***	***	***
(b)	***	***	***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

	Milestone Event	Column I Payment for First Licensed Product	Column II Payment for First Subsequent Licensed Product*
(c)	***	***	***
(d)	***	***	***
(e)	***	***	***
(f)	***	***	***
(g)	***	***	***
(h)	***	***	***
(i)	***	***	***
(j)	***	***	***
(k)	***	***	***

* For purposes of clarity, a Licensed Product that contains a Program DART other than the Program DART contained in the first Licensed Product with respect to which a milestone payment set forth in Section 8.3.1 has been paid shall be deemed a subsequent Licensed Product.

In no event shall the total of the amounts paid under Column I of this Section 8.3.1 exceed (i) ***.

In no event shall the total of the amounts paid under Column II of this Section 8.3.1 exceed (i) ***

8.3.2 Milestone Payments. Gilead shall make the milestone payments required by Section 8.3.1 in accordance with Section 8.3.4. If, with respect to any Program DART or Licensed Product, (i) an event described in clause (b) or (c) of Section 8.3.1 occurs before or concurrently with another event described in a preceding clause of Section 8.3.1; (ii) an event described in clause (d), (e) or (f) of Section 8.3.1 occurs before or concurrently with an event described in clause (a), (b) or (c) of Section 8.3.1; (iii) an event described in clause (g) of Section 8.3.1 occurs before or concurrently with an event described in clause (a), (b), (c) or (d) of Section 8.3.1; (iv) an event described in clause (i) of Section 8.3.1 occurs before or concurrently with an event described in clause (a), (b), (c) or (e) of Section 8.3.1; or (v) an event described in clause (k) of Section 8.3.1 occurs before or concurrently with an event described in clause (a), (b), (c) or (f) of Section 8.3.1, then in each case ((i) through (v)) Gilead shall pay any unpaid milestone payment(s) described in such earlier clause(s) (under Column I or Column II, as applicable) when the milestone payment described in such later clause(s) is paid.

8.3.3 Replacement Products. If Development of the first Program DART or Licensed Product from a Licensed Program has been discontinued, then the achievement by a subsequent Program DART or Licensed Product from such Licensed Program of a milestone event not achieved by such substituted or discontinued first Licensed Product shall be deemed to be achievement of the corresponding milestone event under Section 8.3.1 by the first Licensed Product entitling MacroGenics to the corresponding milestone payment under Section 8.3.1 Column I. By way of example, if a first and second Licensed Product from a given Licensed Program have been Developed concurrently and the Development of such first Licensed Product is discontinued, such second Licensed Product shall be eligible for any milestone events under Section 8.3.1 Column I not previously achieved by such first Licensed Product and, conversely, any milestone events under Section 8.3.1 Column I achieved by such first Licensed Product shall not be payable with respect to such second Licensed Product. Further, any third Licensed Product from such Licensed Program that contains a Program DART other than the Program DART contained in the second Licensed Product shall be eligible for any milestone events under Section 8.3.1 Column II not previously achieved by such second Licensed Product.

8.3.4 Notification; Payment. Gilead shall promptly notify MacroGenics in writing of the first achievement of each of the milestones under this Section 8.3 and the corresponding milestone payment shall be due within *** after receipt of the corresponding invoice from MacroGenics.

8.4 Sales Milestones.

8.4.1 Sales Milestone Payments. During the License Term for each Licensed Program, Gilead shall make the non-refundable, non-creditable payments to MacroGenics set forth below upon the earliest achievement of each of the corresponding milestone events by the first Licensed Product from such Licensed Program to achieve such milestone:

Milestone Event	Payment
(a) First occurrence of Annual Net Sales of a Licensed Product greater than *** Dollars (***) in a Calendar Year	***
(b) First occurrence of Annual Net Sales of a Licensed Product greater than *** Dollars (***) in a Calendar Year	***
(c) First occurrence of Annual Net Sales of a Licensed Product greater than *** Dollars (***) in a Calendar Year	***
(d) First occurrence of Annual Net Sales of a Licensed Product greater than *** Dollars (***) in a Calendar Year	***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

8.4.2 Payment of Sales Milestones. Gilead shall make the milestone payments required by Section 8.4.1 in accordance with Section 8.7. If an event described in a clause in Section 8.4.1 occurs during the same Calendar Quarter as another event described in a preceding clause in Section 8.4.1, Gilead shall also pay the milestone payment described in such earlier clause when the milestone payment described in such later clause is paid. By way of example, if, during any Calendar Quarter, Annual Net Sales for a Licensed Product from a given Licensed Program first exceed the thresholds set forth in Sections 8.4.1(a) and (b), Gilead shall pay MacroGenics the milestone payments set forth in both Sections 8.4.1(a) and (b).

8.5 Royalties.

8.5.1 Annual Net Sales. Subject to Section 8.5.4(c), for each Licensed Product in each Calendar Year during the Royalty Term, Gilead shall pay MacroGenics royalties on Annual Net Sales of such Licensed Product in the Gilead Territory in such Calendar Year at the following rates:

Annual Net Sales Threshold	Royalty Rate
(a) On the first *** Dollars (***) in Annual Net Sales of such Licensed Product in such Calendar Year	***
(b) On that portion of Annual Net Sales of such Licensed Product in such Calendar Year greater than *** Dollars (***) but less than or equal to *** (***)	***
(c) On that portion of Annual Net Sales of such Licensed Product in such Calendar Year greater than *** Dollars (***)	***

8.5.2 Net Receipts. Gilead shall pay MacroGenics twenty percent (20%) of all Net Receipts in accordance with Section 8.7.

8.5.3 Diagnostics. If (a) Gilead or any of its Affiliates or Sublicensees Commercializes in any country a Diagnostic and (b) Gilead or its Affiliates receive sales, royalty revenues or other consideration from such Commercialization, the Parties shall negotiate in good faith a reasonable royalty to be paid by Gilead to MacroGenics with respect to such revenues, taking into consideration Gilead's profit component, which royalty shall be consistent with industry standards for diagnostics but in any case shall not exceed the rates set forth in Section 8.5.1. Notwithstanding anything in this Agreement to the contrary, if the Parties are unable to agree upon the royalty rate after exhausting the procedures set forth in Section 15.1, *******.

8.5.4 Royalty Term.

(a) Gilead's royalty obligations to MacroGenics under this Section 8.5 with respect to any Licensed Product in any country shall commence upon the First Commercial Sale of such Licensed Product in such country and expire on a country-by-country basis on the later of: (i) the expiration of the last to expire Valid Claim within the MacroGenics Patents and/or Joint Patents that Cover such Licensed Product in such country; (ii) the twelfth (12th) anniversary of the date of the First Commercial Sale of such Licensed Product in such country; and (iii) the expiration of the last-to-expire applicable Regulatory-Based Exclusivity Period for such Licensed Product in such country (the "Royalty Term"). For avoidance of doubt, all Regulatory-Based Exclusivity Periods for a Licensed Product in a country shall be deemed to have expired upon the launch in such country of a Biosimilar Product.

(b) Royalties shall be payable only once with respect to the same unit of Licensed Product. On a Licensed Product-by-Licensed Product and country-by-country basis, upon expiration of the Royalty Term for a Licensed Product in a country in the Gilead Territory, Gilead's licenses and rights hereunder with respect to such Licensed Product in such country shall continue in effect, but become fully paid-up, royalty-free, transferable (to the extent not transferrable previously), perpetual and irrevocable.

(c) For any Calendar Quarter of the Royalty Term during which a Licensed Product is sold in a country in which one (1) or more Third Parties sell in such country one or more Biosimilar Products, and such Biosimilar Products, collectively, have a ******* or more market share of the aggregate market share of such Licensed Product and such Biosimilar Products (based on data provided by IMS Health Incorporated, Fairfield, Connecticut) as measured on a units sold basis, or if such data is not available, the Parties shall agree upon a methodology for estimating the percentage of unit sales based market share of such Biosimilar Products in such country), then, Gilead's royalty obligations with respect to sales of such Licensed Product in such country during such Calendar Quarter shall be reduced by ******* of the applicable rate set forth in Section 8.5.1. The Parties shall mutually agree in good faith on an appropriate method of calculating the royalties payable by Gilead pursuant to this Section 8.5 in the event such circumstances arise. "Biosimilar Product" means, with respect to a Licensed Product sold in a country, a product that: (i) is marketed by a Third Party that has not obtained the rights to such product as a Sublicensee or distributor of, or through any other contractual relationship with, Gilead or any of its Affiliates; (ii) contains the same or highly similar active ingredient(s) as the applicable Licensed Product; and (iii) with respect to (x) the United States, has been licensed as a biosimilar or interchangeable biological product by FDA pursuant to Section 351(k) of the Public Health Service Act (42 U.S.C. § 262(k)), as may be amended, or any subsequent or superseding law, statute or regulation, (y) the EU, has been approved in reliance on the prior approval of a Licensed Product as a similar biological medicinal product by the European Union pursuant to Directive 2001/83/EC, as may be amended, or any subsequent or superseding law, statute or regulation, and (z) any other country, has received analogous regulatory marketing approval in reliance on the prior approval of a Licensed Product from the applicable Regulatory Authority

8.5.5 Third Party Offset. If, after the License Grant Date for any Licensed Program, Gilead or its applicable Affiliate or Sublicensee: (a) is required, as reasonably determined by Gilead or its applicable Affiliate or Sublicensee, as the case may be, to obtain a license from any Third Party under any Patents controlled by such Third Party in order to make, have made, use, sell, offer for sale or import a Program DART and/or a Licensed Product from such Licensed Program in any country in the Gilead Territory without infringing such Patents, and pursuant to such license is required to pay any amounts to such Third Party (including any upfront, milestone or royalty payments) in any Calendar Year, or (b) is required by any court of competent jurisdiction, in connection with its infringement of any Patents controlled by a Third Party in any country in the Gilead Territory with respect to a Program DART and/or Licensed Product from such Licensed Program, to pay any amounts to such Third Party (including any

lump sum or royalty payments) in any Calendar Year, then Gilead may deduct from the milestone payments and/or royalties (as elected by Gilead in its sole discretion) that would otherwise be due to MacroGenics with respect to such Program DART or Licensed Product in such Calendar Year ******* of the amount paid by Gilead or its applicable Affiliate or Sublicensee, as the case may be, to such Third Party with respect to such Program DART or Licensed Product in such Calendar Year (where any such amounts paid by Gilead or its applicable Affiliate or Sublicensee to such Third Party shall be equitably allocated among all products of Gilead or its applicable Affiliate or Sublicensee, as applicable, covered by such license or subject to such infringement); provided, however, that such deduction shall not reduce (A) the amount of milestones due to MacroGenics with respect to such Program DART or Licensed Product for such Calendar Year to less than ******* of the amount of milestones that otherwise would have become due with respect to such Program DART or Licensed Product for such Calendar Year or (B) the royalty rate paid by Gilead in respect of Annual Net Sales of such Licensed Product in such Calendar Year to less than ******* of Annual Net Sales of such Licensed Product in such Calendar Year, in each case ((A) and (B)) with any excess deduction carried over and applied to amounts due to MacroGenics with respect to such Program DART or Licensed Product in subsequent Calendar Years.

8.6 Healthcare Reform Tax. Notwithstanding anything herein to the contrary, for purposes of determining the sales milestones and royalties payable by Gilead under Sections 8.4 and 8.5, Gilead shall have the right to offset from Net Sales of Licensed Products sold in the United States that portion of the annual fee paid by Gilead and its Affiliates to the United States Government pursuant to Section 9008 of the Patient Protection and Affordable Care Act, Pub. L. No. 111-148 (as may be amended) reasonably attributable to Licensed Products, as determined in accordance with an equitable method as agreed in good faith by the Parties.

8.7 Reports; Payments. Within thirty (30) days after the end of each Calendar Quarter during which there are Net Sales or Net Receipts giving rise to a payment obligation under Section 8.4 or 8.5, Gilead shall submit to MacroGenics a report identifying for each Licensed Product, the Net Sales and/or Net Receipts for such Licensed Product for each country in the Gilead Territory for such Calendar Quarter, the calculation of royalties (including gross sales and all deductions taken from gross sales), and the royalties and the sales milestones payable to MacroGenics. Within fifteen (15) days of the delivery of each such report, Gilead shall pay to MacroGenics all royalties and sales milestones payable by it under Sections 8.4 and 8.5.

8.8 Methods of Payments. All payments due under this Agreement shall be paid in Dollars by wire transfer to a bank in the United States designated in writing by MacroGenics.

8.9 Late Payments. Any amount owed by Gilead to MacroGenics under this Agreement that is not paid on or before the date such payment is due as set forth herein shall bear interest at a rate per annum equal to the one month USD-LIBOR as quoted on Bloomberg (or if it no longer exists, a similarly authoritative source) plus ******* calculated on a daily basis, or, if lower, the highest rate permitted by applicable Law.

8.10 Taxes. All payments due and payable under this Agreement will be made without any deduction, unless such deduction or withholding tax is required by applicable Laws. If the paying Party is so required to deduct or withhold, such Party shall (a) promptly notify the other Party of such requirement; (b) pay to the relevant authorities the full amount required to be deducted or withheld promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against the other Party; and (c) promptly forward to the other Party an official receipt (or certified copy), or other documentation reasonably acceptable to the other Party evidencing such payment to such authorities. Notwithstanding the foregoing, if as a result of (i) the assignment of this Agreement by Gilead to an Affiliate or a Third Party outside of the United States or (ii) the exercise by Gilead of its rights under this Agreement through an Affiliate or Third Party outside the United States, withholding tax in excess of the withholding tax amount that would have been payable in the absence of such assignment or exercise of rights becomes payable with respect to any amount due to MacroGenics under this Agreement, then Gilead shall pay to MacroGenics such additional amounts as are necessary so that MacroGenics receives the amounts that MacroGenics would have received if such payments were not subject to such withholding tax as a consequence of such assignment or exercise.

8.11 Books and Records; Audit Rights. Each Party (the "Audited Party") shall keep (and, in the case of Gilead, shall cause its Affiliates and Sublicensees to keep) complete, true and accurate books and records in accordance with its Accounting Standards in sufficient detail for the other Party (the "Auditing Party") (a) with respect to Gilead as the Audited Party, to determine the payments due and (b) with respect to MacroGenics as the Audited Party, to determine costs incurred in the conduct of Research activities under this Agreement. Each Auditing Party shall have the right, *** at its own expense, to have an independent, certified public accounting firm of nationally recognized standing, selected by the Auditing Party and reasonably acceptable to the Audited Party, review any such records of the Audited Party in the location(s) where such records are maintained by the Audited Party upon reasonable notice (which shall be no less than thirty (30) days prior notice) and during regular business hours and under obligations of confidence, for the sole purpose of verifying the accuracy of the amounts paid under this Agreement within a ***year period preceding the date of the request for review. The report of such accounting firm shall be limited to a certificate stating whether any report made or invoice or payment submitted by the Audited Party during such period is accurate or inaccurate and the actual amounts of Research costs and the amount of any Net Sales, milestone or royalty discrepancy. No other information shall be provided to the Auditing Party. The Audited Party shall receive a copy of each such report concurrently with receipt by the Auditing Party. Should such inspection lead to the discovery of a discrepancy to the Auditing Party's detriment, the Audited Party shall pay the amount of the discrepancy within thirty (30) days after its receipt from the accounting firm of the certificate showing the amount of the discrepancy. The Auditing Party shall pay the full cost of the review unless the underpayment of milestones or royalties is greater than five percent (5%), or the overpayment of Research costs is greater than five percent (5%), of the amount due for the applicable period, in which case the Audited Party shall pay the reasonable costs charged by such accounting firm for such review.

ARTICLE 9
OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS

9.1 Inventorship. Subject to Section 9.2, inventorship for patentable inventions conceived or reduced to practice during the course of the performance of activities pursuant to this Agreement shall be determined in accordance with the patent laws of the jurisdiction where the invention was invented.

9.2 Ownership. Subject to the licenses and rights granted to Gilead under this Agreement, MacroGenics shall own the entire right, title and interest in and to all inventions and discoveries (and Patents claiming patentable inventions therein) first made or discovered solely by employees or consultants of MacroGenics or acquired solely by MacroGenics in the course of Research, Development, Manufacture or Commercialization of Program DARTs and/or Licensed Products. Subject to the licenses and rights granted to MacroGenics under this Agreement, Gilead shall own the entire right, title and interest in and to all inventions and discoveries (and Patents claiming patentable inventions therein) first made or discovered solely by employees or consultants of Gilead or acquired solely by Gilead in the course of Research, Development, Manufacture or Commercialization of Program DARTs and/or Licensed Products. The Parties shall jointly own any Joint IP. Subject to the terms and conditions of this Agreement, each Party shall retain its rights to practice its undivided, one-half interest in any Joint IP without the consent of and without accounting to the other. As between the Parties, the issue as to whether any invention or discovery is jointly made, and the rights of the Parties as joint owners, shall be determined in accordance with this Agreement and the applicable substantive Laws of the United States, irrespective of the country in which such invention or discovery is made or discovered.

9.3 Prosecution and Maintenance of Patents.

9.3.1 MacroGenics Rights.

(a) MacroGenics shall have (i) the sole right, at MacroGenics' discretion (subject to the remainder of this Section 9.3.1), to file, prosecute, and maintain (including with respect to any interference, derivation, re-issuance, re-examination, opposition or other post-grant proceedings) (x) any Platform Patents throughout the world and (y) any MacroGenics Patents that are Other Patents, in the MacroGenics Territory; and (ii) the first right, at MacroGenics' discretion (subject to the remainder of this Section 9.3.1), to file, prosecute, and maintain (including with respect to any interference, derivation, re-issuance, re-examination, opposition or other post-grant proceedings) any MacroGenics Patents that are Other Patents, in the Gilead Territory.

(b) Gilead shall reimburse MacroGenics for the Out-of-Pocket Costs of MacroGenics in the filing, prosecution and maintenance of any Patents being filed, prosecuted or maintained by MacroGenics pursuant to Section 9.3.1(a) in the Gilead Territory; provided that if pursuant to MacroGenics' agreement with any other Third Party licensee MacroGenics is reimbursed by such licensee for the Out-of-Pocket Costs of MacroGenics in the filing, prosecution and maintenance of any such Patents, Gilead and such licensee(s) shall, on a Patent-

by-Patent basis, share in such Out-of-Pocket Costs with each party's percentage share determined by dividing (i) one, by (ii) one plus the number of Third Parties (if any) that is(are) required to reimburse MacroGenics for such Out-of-Pocket Costs. With respect to any Patent owned by Gilead or any Joint Patent that is being filed, prosecuted or maintained by MacroGenics pursuant to Section 9.3.1(a) in any country in the Gilead Territory, Gilead shall have the right, in its sole discretion, to assign such Patent in such country (or, in the case of a Joint Patent, to assign Gilead's interest in such Joint Patent in such country) to MacroGenics or to cause the abandonment of such Patent in such country (only in the case of a Patent owned by Gilead), as MacroGenics may elect, and thereby to terminate Gilead's obligation to reimburse such costs incurred thereafter, upon *** to MacroGenics. With respect to any Patent (other than any Joint Patent) under which Gilead has a license hereunder that is being filed, prosecuted or maintained by MacroGenics pursuant to Section 9.3.1(a) in any country in the Gilead Territory, Gilead shall have the right, in its sole discretion, to terminate such license, and thereby to terminate Gilead's obligation to reimburse such costs incurred thereafter, upon thirty (30) days' written notice to MacroGenics, and following such***, Gilead shall have no rights hereunder with respect to such Patent in such country.

(c) MacroGenics shall use reasonable efforts to ensure that any Patents being filed, prosecuted or maintained by MacroGenics pursuant to Section 9.3.1(a) (excluding any Patents that are being filed, prosecuted or maintained by MacroGenics as a result of the operation of Section 9.3.2(c)) are not Mixed Patents. If any such Patent is a Mixed Patent, then such Patent shall be deemed a Product Patent (and not a Platform Patent) for all purposes under this Agreement (including this Section 9.3) for so long as such Patent ***.

(d) The Parties shall work together in good faith to agree upon a strategy for the prosecution of any Patents being prosecuted by MacroGenics pursuant to Section 9.3.1(a) in the Gilead Territory, including the list of countries in the Gilead Territory in which such Patents will be filed; provided, however, that (subject to Section 9.3.1(e)) MacroGenics shall have the final right to make such determinations. In addition, MacroGenics shall provide to Gilead such other information related to prosecution of any Patents being prosecuted by MacroGenics pursuant to Section 9.3.1(a) as Gilead may from time to time reasonably request to allow Gilead to track prosecution and maintenance of such Patents and shall consider in good faith any comments that Gilead may provide with respect to such matters. Without limiting the foregoing, MacroGenics shall keep Gilead informed as to the identity of its patent agents and attorneys and notify Gilead of any changes thereto and consider in good faith any comments that Gilead may provide with respect to the selection and engagement of patent agents and attorneys for the prosecution and maintenance of such Patents.

(e) MacroGenics shall give Gilead written notice reasonably in advance of any decision by MacroGenics not to file an application for or to abandon the prosecution of or otherwise not maintain or extend any Patent described in clause (ii) of Section 9.3.1(a) in any applicable country. Upon receiving such notice, Gilead shall have the right, at its own cost, to file, prosecute, maintain and extend, as the case may be, such Patent, in Gilead's name, in such country; provided, however, that Gilead shall not exercise such right without the prior written consent of MacroGenics (which MacroGenics may withhold in its sole discretion) if MacroGenics' decision not to file an application for or to abandon the prosecution of or otherwise not maintain or extend such Patent is made for strategic business reasons (e.g., in countries with compulsory licensing policies).

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

9.3.2 Gilead Rights.

(a) Gilead shall have (i) the sole right, at Gilead's discretion (subject to the remainder of this Section 9.3.2), to file, prosecute, and maintain (including with respect to any interference, derivation, re-issuance, re-examination, opposition or other post-grant proceedings) any Gilead Collaboration Patents that are Other Patents, in the Gilead Territory; and (ii) the first right, at Gilead's discretion (subject to the remainder of this Section 9.3.2), to file, prosecute, and maintain (including with respect to any interference, derivation, re-issuance, re-examination, opposition or other post-grant proceedings) (s) any Gilead Collaboration Patents that are Product Patents, in the Gilead Territory, (t) any Gilead Collaboration Patents that are Product Patents, in the MacroGenics Territory, (u) any Gilead Collaboration Patents that are Other Patents, in the MacroGenics Territory, (v) any MacroGenics Patents that are Product Patents, in the Gilead Territory, (w) any MacroGenics Patents that are Product Patents, in the MacroGenics Territory, (x) any Joint Patents that are Product Patents, in the Gilead Territory, (y) any Joint Patents that are Product Patents, in the MacroGenics Territory and (z) any Joint Patents that are Other Patents, throughout the world.

(b) MacroGenics shall reimburse Gilead for the Out-of-Pocket Costs of Gilead in the filing, prosecution and maintenance of any Patents being filed, prosecuted or maintained by Gilead pursuant to Section 9.3.2(a) in the MacroGenics Territory. With respect to any Patent owned by MacroGenics or any Joint Patent that is being filed, prosecuted or maintained by Gilead pursuant to Section 9.3.2(a) in any country in the MacroGenics Territory, MacroGenics shall have the right, in its sole discretion, to assign such Patent in such country (or, in case of a Joint Patent, to assign MacroGenics' interest in such Joint Patent in such country) to Gilead or to cause the abandonment of such Patent in such country (only in the case of a Patent owned by MacroGenics), at Gilead's election, and thereby to terminate MacroGenics' obligation to reimburse such costs incurred thereafter, upon ******* written notice to Gilead. With respect to any Patent (other than any Joint Patent) under which MacroGenics has a license hereunder that is being filed, prosecuted or maintained by Gilead pursuant to Section 9.3.2(a) in any country in the MacroGenics Territory, MacroGenics shall have the right, in its sole discretion, to terminate such license and thereby to terminate MacroGenics' obligation to reimburse such costs incurred thereafter, upon ******* written notice to Gilead, and following such thirty (30) day period, MacroGenics shall have no rights hereunder with respect to such Patent in such country.

(c) Gilead shall use reasonable efforts to ensure that any Patents being filed, prosecuted or maintained by Gilead pursuant to Section 9.3.2(a) (excluding any Patents that are being filed, prosecuted or maintained by Gilead as a result of the operation of Section 9.3.1(c)) are not Mixed Patents. If any such Patent is a Mixed Patent, then such Patent shall be deemed a Platform Patent (and not a Product Patent) for all purposes under this Agreement (including this Section 9.3) for so long as such Patent contains at least one Platform Claim.

(d) The Parties shall work together in good faith to agree upon a strategy for the prosecution of (i) any Patents being prosecuted by Gilead pursuant to Section

9.3.2(a) in the MacroGenics Territory; (ii) any MacroGenics Patents that are Product Patents, in the Gilead Territory; and (iii) any Joint Patents being prosecuted by Gilead pursuant to Section 9.3.2(a), including the list of countries in which such Patents will be filed; provided, however, that (subject to Section 9.3.2(e)) Gilead shall have the final right to make such determinations. Gilead shall provide MacroGenics with a draft of any prosecution filing related to any such Patents being prosecuted by Gilead pursuant to Section 9.3.2(a) to be submitted to any patent office in the applicable Territory at least thirty (30) days in advance of submission and shall provide MacroGenics an opportunity to provide comments on and make requests of Gilead concerning such filing and shall consider in good faith any comments or requests regarding such filing that MacroGenics may timely provide. In addition, Gilead shall provide to MacroGenics such other information related to prosecution of any Patents being prosecuted by Gilead pursuant to Section 9.3.2(a) as MacroGenics may from time to time reasonably request to allow MacroGenics to track prosecution and maintenance of such Patents and shall consider in good faith any comments that MacroGenics may provide with respect to such matters. Without limiting the foregoing, Gilead shall keep MacroGenics informed as to the identity of its patent agents and attorneys and notify MacroGenics of any changes thereto and consider in good faith any comments that MacroGenics may provide with respect to the selection and engagement of patent agents and attorneys for the prosecution and maintenance of such Patents.

(e) Gilead shall give MacroGenics written notice reasonably in advance of any decision by Gilead not to file an application for or to abandon the prosecution of or otherwise not maintain or extend any Patent described in clause (ii) of Section 9.3.2(a) in any applicable country. Upon receiving such notice, MacroGenics shall have the right, at its own cost, to file, prosecute, maintain and extend, as the case may be, such Patent, in MacroGenics' name, in such country; provided, however, that MacroGenics shall not exercise such right (A) with respect to (1) any Patent described in clause (ii)(s) or (ii)(u) of Section 9.3.2(a) in any country or (2) any Patent described in clause (ii)(v) or (ii)(x) of Section 9.3.2(a) in any country in the Access Territory, in each case ((1) and (2)) without the prior written consent of Gilead (which Gilead may withhold in its sole discretion) if Gilead's decision not to file an application for or to abandon the prosecution of or otherwise not maintain or extend such Patent is made for strategic business reasons (e.g., in countries with compulsory licensing policies), or (B) with respect to any Patent described in clause (ii)(v) or (ii)(x) of Section 9.3.2(a) in any country outside of the Access Territory, if there is at least one MacroGenics Patent or Joint Patent other than such Patent in such country that Covers the Program DART or Licensed Product Covered by such Patent. If MacroGenics exercises its rights under this Section 9.3.2(e) with respect to any Joint Patent in any country, Gilead shall (I) assign its entire right, title and interest in such Joint Product Patent in such country to MacroGenics, (II) use reasonable efforts to make its authorized attorneys, agents or representatives available to MacroGenics and to assist MacroGenics in obtaining and maintaining such patent protection, and (III) sign or use reasonable efforts to have signed all legal documents necessary to file and prosecute such Joint Patent or to obtain or maintain such Joint Product Patent.

9.4 Third Party Infringement.

9.4.1 Notice. Each Party shall promptly report in writing to the other Party any known or suspected (a) infringement of any of the MacroGenics Patents, Gilead Collaboration

Patents or Joint Patents; (b) unauthorized use or misappropriation of any of the MacroGenics Know-How, Gilead Collaboration Know-How or Know-How included in the Joint IP of which such Party becomes aware; or (c) notification under the Biologics Price Competition and Innovation Act of 2009, as amended, or similar law, from a biosimilar applicant arising from the filing of an application for the Regulatory Approval of a product intending to show that such product is biosimilar to any Licensed Product that is a reference product for which a claim of infringement of any of the MacroGenics Patents, Joint Patents or Gilead Collaboration Patents by the manufacture or sale of such product could reasonably be asserted, and shall provide the other Party with all available evidence regarding such known or suspected infringement or unauthorized use.

9.4.2 Enforcement Rights. Subject to the requirements and limitations of any MacroGenics Third Party Agreements with respect to the enforcement of Patents, including any rights of, and timeframes for, such Third Party licensors to comment on and review any filings or materials related thereto, the Parties agree:

(a) Gilead shall have (i) the sole right, but not the obligation, to initiate a lawsuit or take other reasonable action to enforce any Gilead Collaboration Patents that are Other Patents, in the Gilead Territory and (ii) the first right, but not the obligation, to initiate a lawsuit or take other reasonable action to enforce (t) any Gilead Collaboration Patents that are Product Patents, in the Gilead Territory, (u) any Gilead Collaboration Patents that are Platform Patents, with respect to Competitive Infringement in the Gilead Territory, (v) any Gilead Collaboration Patents that are Other Patents, in the MacroGenics Territory, (w) any MacroGenics Patents that are Product Patents, in the Gilead Territory, (x) any Joint Patents that are Product Patents, in the Gilead Territory, (y) any Joint Patents that are Platform Patents, with respect to Competitive Infringement in the Gilead Territory and (z) any Joint Patents that are Other Patents, in the Gilead Territory. Notwithstanding the foregoing sentence, Gilead shall not initiate any such lawsuit or take such other action with respect to any matter described in clause (ii) above without first consulting with MacroGenics and giving good faith consideration to any reasonable objection from MacroGenics regarding Gilead's proposed course of action, and Gilead shall not initiate any such lawsuit or take such other action with respect to any matter described in clause (ii)(u) or (ii)(y) above without the prior written consent of MacroGenics, which MacroGenics may withhold in its sole discretion. MacroGenics shall cooperate in the prosecution of any suit under this Section 9.4.2(a) as may be reasonably requested by Gilead (including joining such suit as a plaintiff if Gilead is unable to initiate or prosecute such action solely in its own name); provided, however, that Gilead shall promptly reimburse all Out-of-Pocket Costs (including reasonable counsel fees and expenses) of MacroGenics in connection with such cooperation. In connection with any such proceeding, Gilead shall not enter into any settlement admitting the invalidity of, or otherwise impairing MacroGenics' rights in, MacroGenics IP or Joint IP without the prior written consent of MacroGenics.

(b) Any recoveries resulting from such an action brought by Gilead in accordance with Section 9.4.2(a) shall be applied as follows:

(i) First, to reimburse each Party for all Out-of-Pocket Costs in connection with such proceeding (on a pro rata basis, based on each Party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

(ii) Second, the remainder of such recovery shall be retained by Gilead, provided that (x) to the extent the award to Gilead is based on lost profits with respect to a Licensed Product in the Gilead Territory, MacroGenics shall receive an amount equal to the royalty that would be payable, pursuant to Section 8.5, on the imputed amount of Net Sales of such Licensed Product(s) in the country(ies) in the Gilead Territory where such infringement occurred, and (y) to the extent the award reflects the amount of reasonable royalty payments due to Gilead with respect to a Licensed Product in the Gilead Territory (excluding, for clarity, any award to the extent described in clause (x) above), such award shall be considered as Net Sales subject to the applicable royalty in accordance to Section 8.5.

(c) MacroGenics shall have (i) the sole right, but not the obligation, to initiate a lawsuit or take other reasonable action to enforce (v) any Gilead Collaboration Patents that are Platform Patents, other than with respect to Competitive Infringement, throughout the world, (w) any MacroGenics Patents that are Platform Patents, throughout the world, (x) any MacroGenics Patents that are Other Patents, in the MacroGenics Territory, (y) any Joint Patents that are Platform Patents, with respect to Competitive Infringement in the MacroGenics Territory and (z) any Joint Patents that are Platform Patents, other than with respect to Competitive Infringement, throughout the world; and (ii) the first right, but not the obligation, to initiate a lawsuit or take other reasonable action to enforce (u) any Gilead Collaboration Patents that are Product Patents, in the MacroGenics Territory, (v) any Gilead Collaboration Patents that are Platform Patents, with respect to Competitive Infringement in the MacroGenics Territory, (w) any MacroGenics Patents that are Product Patents, in the MacroGenics Territory, (x) any MacroGenics Patents that are Other Patents, in the Gilead Territory, (y) any Joint Patents that are Product Patents, in the MacroGenics Territory and (z) any Joint Patents that are Other Patents, in the MacroGenics Territory. Notwithstanding the foregoing sentence, MacroGenics shall not initiate any such lawsuit or take such other action with respect to any matter described in clause (ii) above without first consulting with Gilead and giving good faith consideration to any reasonable objection from Gilead regarding MacroGenics' proposed course of action. Gilead shall cooperate in the prosecution of any suit under this Section 9.4.2(c) as may be reasonably requested by MacroGenics (including joining such suit as a plaintiff if MacroGenics is unable to initiate or prosecute such action solely in its own name); provided, however, that MacroGenics shall promptly reimburse all Out-of-Pocket Costs (including reasonable counsel fees and expenses) of Gilead in connection with such cooperation. In connection with any such proceeding, MacroGenics shall not enter into any settlement admitting the invalidity of, or otherwise impairing Gilead's rights in any Gilead Collaboration IP or Joint IP without the prior written consent of Gilead.

(d) With respect to any lawsuit initiated or other action taken by MacroGenics under clauses (ii)(u), (ii)(w) or (ii)(y) of Section 9.4.2(c), (i) MacroGenics shall keep Gilead reasonably informed of the status of such lawsuit or action; (ii) without limiting clause (i), MacroGenics shall provide Gilead with copies of any court filings or other material documents or correspondence received from any Third Party in connection with such lawsuit or

action promptly after such filings or documents or correspondence are received by MacroGenics; (iii) MacroGenics shall consult with Gilead with respect to such lawsuit or action and consider any comments from Gilead with respect to such lawsuit or action in good faith; and (iv) without limiting clause (iii), MacroGenics shall provide Gilead with drafts of any court filings or other material documents or correspondence to be filed or delivered by MacroGenics prior to the date of filing or delivery such that Gilead has a reasonable opportunity to review and provide comments, and to the extent Gilead provides comments thereon promptly and in sufficient time to allow MacroGenics to meet applicable filing requirements, MacroGenics shall consider such comments in good faith.

(e) Any recoveries resulting from such an action brought by MacroGenics in accordance with Section 9.4.2(c) shall be applied as follows:

(i) First, to reimburse each Party for all Out-of-Pocket Costs in connection with such proceeding (excluding any costs incurred by Gilead in the exercise of its rights under Section 9.4.2(d)) (on a pro rata basis, based on each Party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

(ii) Second, (x) to the extent the award is based on lost profits with respect to a Licensed Product in the Gilead Territory, any remainder of such recovery shall be retained by Gilead, provided that MacroGenics shall receive an amount equal to the royalty that would be payable, pursuant to Section 8.5, on the imputed amount of Net Sales of such Licensed Product(s) in the country(ies) in the Gilead Territory where such infringement occurred, (y) to the extent the award reflects the amount of reasonable royalty payments with respect to a Licensed Product in the Gilead Territory (excluding, for clarity, any award to the extent described in clause (x) above), any remainder of such recovery shall be retained by Gilead, provided that such award shall be considered as Net Sales subject to the applicable royalty in accordance to Section 8.5, and (z) to the extent the award is not described in clauses (x) or (y) above, any remainder of such recovery shall be retained by MacroGenics.

(f) If Gilead in good faith does not intend to initiate a lawsuit or take other reasonable action with respect to any matter described in clause (ii) of Section 9.4.2(a), then Gilead shall notify MacroGenics thereof (i) if there is no time limit for the filing of such action, within sixty (60) days following the notice of alleged infringement or following a biosimilar applicant's failure to act or (ii) if there is a time limit for the filing of such action (including those set forth in applicable Laws) within *** before the time limit, and upon receipt of such notice MacroGenics shall have the right, but not the obligation, to initiate such lawsuit or take such other action, after providing *** in the event there is a time limit) notice to Gilead and giving good faith consideration to Gilead's reason(s) for not initiating a lawsuit or taking other action; provided, however, that MacroGenics shall not initiate such a lawsuit or take such other action with respect to any matter described in clause (ii)(t), (ii)(w) or (ii)(x) of Section 9.4.2(a) without the prior written consent of Gilead (which Gilead may withhold in its sole discretion) if Gilead's decision not to exercise its first right with respect thereto was made for strategic business reasons. Gilead shall cooperate in the prosecution of any suit initiated by MacroGenics to the extent permitted by the prior sentence as may be reasonably requested by MacroGenics (including joining such suit as a plaintiff if MacroGenics is unable to initiate or prosecute such

action solely in its own name); provided, however, that MacroGenics shall promptly reimburse all Out-of-Pocket Costs (including reasonable counsel fees and expenses) of Gilead in connection with such cooperation. Any recoveries resulting from such an action brought by MacroGenics in accordance with this Section 9.4.2(f) will be retained by MacroGenics after payment of each Party's costs and expenses.

(g) If MacroGenics in good faith does not intend to initiate a lawsuit or take other reasonable action with respect to any matter described in clause (ii) of Section 9.4.2(c), then MacroGenics shall notify Gilead thereof (i) if there is no time limit for the filing of such action, ******* following the notice of alleged infringement or following a biosimilar applicant's failure to act or (ii) if there is a time limit for the filing of such action (including those set forth in applicable Laws) within ******* before the time limit, and upon receipt of such notice Gilead shall have the right, but not the obligation, to initiate such lawsuit or take such other action, after providing ******* in the event there is a time limit) notice to MacroGenics and giving good faith consideration to MacroGenics' reason(s) for not initiating a lawsuit or taking other action; provided, however, that Gilead shall not initiate such a lawsuit or take such other action with respect to any matter described in clause (ii)(w) of Section 9.4.2(c) without the prior written consent of MacroGenics (which MacroGenics may withhold in its sole discretion) if MacroGenics' decision not to exercise its first right with respect thereto was made for strategic business reasons. MacroGenics shall cooperate in the prosecution of such suit as may be reasonably requested by Gilead (including joining such suit as a plaintiff if Gilead is unable to initiate or prosecute such action solely in its own name); provided, however, that Gilead shall promptly reimburse all Out-of-Pocket Costs (including reasonable counsel fees and expenses) of MacroGenics in connection with such cooperation. Any recoveries resulting from such an action brought by Gilead in accordance with this Section 9.4.2(g) will be retained by Gilead after payment of each Party's costs and expenses.

9.4.3 Conduct of Certain Actions; Costs. The Party initiating legal action shall have the sole and exclusive right to select counsel for any suit initiated by it pursuant to Section 9.4.2 (the "Initiating Party"). Unless otherwise expressly provided, the Initiating Party shall bear its own out-of-pocket costs incurred in any such legal action, including the fees and expenses of the counsel selected by it. The other Party shall have the right to participate and be represented in any such legal action (in cases where such other Party has standing) by its own counsel at its own expense.

9.5 Patent Invalidity Claim. Each Party shall promptly notify the other in the event of any legal action (excluding any actions covered by Section 9.3) by any Third Party with respect to the validity of a Joint Patent, MacroGenics Patent or Gilead Collaboration Patent of which it becomes aware. With respect to any such action:

9.5.1 Gilead shall have (i) the sole right, but not the obligation, at its expense, to defend against any such action relating to any Gilead Collaboration Patents that are Other Patents, in the Gilead Territory, and (ii) the first right, but not the obligation, at its expense, to defend against any such action relating to (v) any Gilead Collaboration Patents that are Product Patents, in the Gilead Territory, (w) any Gilead Collaboration Patents that are Other Patents, in the MacroGenics Territory, (x) any MacroGenics Patents that are Product Patents, in the Gilead

Territory, (y) any Joint Patents that are Product Patents, in the Gilead Territory and (z) any Joint Patents that are Other Patents, in the Gilead Territory. If Gilead does not defend against any such action described in clause (ii) above, then MacroGenics shall have the right, but not the obligation, to defend such action at MacroGenics' expense; provided, however, that MacroGenics shall not defend against any such action described in clause (ii)(v), (ii)(x) or (ii)(y) above without the prior written consent of Gilead (which Gilead may withhold in its sole discretion) if Gilead's decision not to exercise its first right with respect thereto was made for strategic business reasons.

9.5.2 MacroGenics shall have (i) the sole right, but not the obligation, at its expense, to defend against any such action relating to (x) any Platform Patents throughout the world and (y) any MacroGenics Patents that are Other Patents, in the MacroGenics Territory, and (ii) the first right, but not the obligation, at its expense, to defend against any such action relating to (v) any Gilead Collaboration Patents that are Product Patents, in the MacroGenics Territory, (w) any MacroGenics Patents that are Product Patents, in the MacroGenics Territory, (x) any MacroGenics Patents that are Other Patents, in the Gilead Territory, (y) any Joint Patents that are Product Patents, in the MacroGenics Territory and (z) any Joint Patents that are Other Patents, in the MacroGenics Territory. If MacroGenics does not defend against any such action described in clause (ii) above, then Gilead shall have the right, but not the obligation, to defend such action at Gilead's expense. In addition, with respect to any such action described in clauses (ii)(v), (ii)(w) or (ii)(y) above, (A) to the extent permitted or required by applicable Law, Gilead shall have the right to participate and be represented in such action by its own counsel at its own expense; (B) MacroGenics shall keep Gilead reasonably informed of the status of such action; (C) without limiting clause (B), MacroGenics shall provide Gilead with copies of any court filings or other material documents or correspondence received from any Third Party in connection with such action promptly after such filings or documents or correspondence are received by MacroGenics; (D) MacroGenics shall consult with Gilead with respect to such action and consider any comments from Gilead with respect to such action in good faith; and (E) without limiting clause (D), MacroGenics shall provide Gilead with drafts of any court filings or other material documents or correspondence to be filed or delivered by MacroGenics prior to the date of filing or delivery such that Gilead has a reasonable opportunity to review and provide comments, and to the extent Gilead provides comments thereon promptly and in sufficient time to allow MacroGenics to meet applicable filing requirements, MacroGenics shall consider such comments in good faith.

9.6 Patent Term Extensions. The Parties shall cooperate with each other in obtaining patent term extensions or supplemental protection certificates or their equivalents in any country, where applicable to Joint Patents, MacroGenics Patents and Gilead Collaboration Patents.

9.7 Patent Marking. Each Party shall comply with the patent marking statutes in each country in which a Licensed Product is sold by such Party, its Affiliates and/or its Sublicensees.

9.8 Joint Research Agreement. This Agreement shall be understood to be a joint research agreement under 35 U.S.C. § 103(c)(3) entered into for the purpose of Researching and Developing Program DARTs and Licensed Products.

ARTICLE 10
CONFIDENTIALITY

10.1 Confidentiality; Exceptions. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing, the Parties agree that the receiving Party (the "Receiving Party") shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in this Agreement any Know-How in any form (written, oral, photographic, electronic, magnetic, or otherwise) that is disclosed to the Receiving Party by the other Party (the "Disclosing Party") directly, or indirectly in the course of the Receiving Party's performing its obligations or exercising its rights under this Agreement (collectively, "Confidential Information"). Notwithstanding anything to the contrary in this Agreement, (a) during the Agreement Term (except as provided in Sections 13.7.1(b) and 13.7.2(b)), any Know-How of one Party (excluding Know-How comprising the Joint IP) that (i) is developed or generated pursuant to this Agreement and exclusively licensed to the other Party pursuant to Section 4.1 or 4.2, as applicable, and (ii) relates to aspects of the structure or properties (including functionality) of any Program DART or Licensed Product that are specific to Program DARTs or Licensed Products or relates specifically to the Manufacture of Program DARTs or Licensed Products shall be deemed to be the Confidential Information of each Party; (b) any Know-How comprising the Joint IP (excluding any Platform IP) shall be deemed to be the Confidential Information of each Party; and (c) subject to Section 10.3, the terms of this Agreement shall be deemed to be the Confidential Information of each Party. Notwithstanding the foregoing, the restrictions set forth in the first sentence of this Section 10.1 shall not apply to Confidential Information of the Disclosing Party to the extent that it can be established by the Receiving Party that such Confidential Information:

10.1.1 was in the lawful knowledge and possession of the Receiving Party prior to the time it was disclosed to, or learned by, the Receiving Party, or was otherwise developed independently by the Receiving Party, as evidenced by written records kept in the ordinary course of business, or other documentary proof of actual use by the Receiving Party;

10.1.2 was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party;

10.1.3 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; or

10.1.4 was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to others.

10.2 Authorized Disclosure. Except as expressly provided otherwise in this Agreement, a Receiving Party may use and disclose Confidential Information of the Disclosing Party as follows:

10.2.1 under appropriate confidentiality provisions similar to those in this Agreement, in connection with the performance of its obligations or exercise of rights expressly granted or reserved in this Agreement, including (subject to any applicable restrictions set forth in any other provisions of this Agreement, including Section 10.2.4) conducting activities with respect to DARTs and products other than Program DARTs or Licensed Products; provided, however, that the Receiving Party shall remain responsible for any violation of such confidentiality provisions by any Person receiving such Confidential Information;

10.2.2 to the extent such disclosure is reasonably necessary in filing or prosecuting patent and copyright applications, prosecuting or defending litigation, complying with applicable governmental regulations (including the rules and regulations of any stock exchange or NASDAQ), preparing and submitting filings to Regulatory Authorities or as otherwise required by Law; provided, however, that if a Receiving Party is required by Law to make any such disclosure of a Disclosing Party's Confidential Information (other than a disclosure to a Regulatory Authority in a filing required by Law) it will give reasonable advance notice to the Disclosing Party of such disclosure requirement and shall furnish only that portion of the Disclosing Party's Confidential Information that the Receiving Party is legally required to furnish;

10.2.3 in communications with existing or bona fide prospective acquirers, merger partners, lenders or investors, and consultants and advisors of the Receiving Party in connection with transactions or bona fide prospective transactions with the foregoing, in each case on a need to know basis and under appropriate confidentiality provisions substantially equivalent to those of this Agreement; provided, however, that the Receiving Party shall remain responsible for any violation of such confidentiality provisions by any Person receiving such Confidential Information;

10.2.4 in communications with existing or bona fide prospective licensees, sublicensees or collaborators, and consultants and advisors of the Receiving Party in connection with transactions or bona fide prospective transactions with the foregoing, in each case on a need to know basis and under appropriate confidentiality provisions substantially equivalent to those of this Agreement; provided, however, that (a) the Receiving Party shall remain responsible for any violation of such confidentiality provisions by any Person receiving such Confidential Information; (b) MacroGenics shall not disclose the terms of this Agreement to any such licensee, sublicensee or collaborator without Gilead's prior written consent, except that MacroGenics may disclose the terms of this Agreement to the extent they relate specifically to the ***Licensed Program, solely as reasonably necessary in connection with such transactions and after redacting any commercially sensitive terms, to any such licensee, sublicensee or collaborator with respect to ***Program DARTs or ***Licensed Products; (c) Gilead shall not disclose the terms of this Agreement to any such licensee, sublicensee or collaborator without MacroGenics' prior written consent, except that Gilead may disclose the terms of this Agreement to the extent they relate specifically to any Licensed Program, solely as reasonably necessary in connection with such transactions and after redacting any commercially sensitive terms, to any such licensee, sublicensee or collaborator with respect to Program DARTs or Licensed Products from such Licensed Program; (d) except as set forth in clause (e) below with respect to Gilead Collaboration Know-How related to the ***Licensed Program, MacroGenics shall not disclose

any Confidential Information of Gilead in a manner that would disclose the identity of Gilead to such licensee, sublicensee or collaborator; and (e) MacroGenics shall not disclose to any such licensee, sublicensee or collaborator any Confidential Information of Gilead other than MacroGenics Know-How that is developed prior to the end of the Research Term for the Research Program associated with the Licensed Program to which such Confidential Information relates, except that MacroGenics may disclose any MacroGenics Know-How, Gilead Collaboration Know-How or Know-How comprising Joint IP to the extent related to the ***Licensed Program, solely as reasonably necessary in connection with such transactions, to any such licensee, sublicensee or collaborator with respect to ***Program DARTs or ***Licensed Products; or

10.2.5 to the extent mutually agreed to in writing by the Parties.

10.3 Press Release; Disclosure of Agreement.

10.3.1 On or promptly after the Effective Date, the Parties shall jointly issue a public announcement of the execution of this Agreement in the form attached hereto as Exhibit F. Neither Party shall issue any subsequent press release regarding this Agreement or the Parties' activities hereunder without the prior written consent of the other Party. Neither Party shall make any other disclosures regarding this Agreement or the Parties' activities hereunder, or any results or data arising hereunder, except (a) with respect to any Confidential Information of the other Party, to the extent permitted by Section 10.2; (b) in accordance with Section 10.6; or (c) for any disclosure that is reasonably necessary to comply with applicable securities exchange listing requirements or other applicable Laws. Notwithstanding the foregoing, to the extent information regarding this Agreement has already been publicly disclosed, either Party may subsequently disclose the same information to the public without the consent of the other Party.

10.3.2 Each Party shall, if practicable, give the other Party a reasonable opportunity to review those portions of all filings with the United States Securities and Exchange Commission (or any stock exchange, including Nasdaq, or any similar regulatory agency in any country other than the United States) describing the terms of this Agreement (including any filings of this Agreement) prior to submission of such filings, and shall give due consideration to any reasonable comments by the non-filing Party relating to such filing, including the provisions of this Agreement for which confidential treatment should be sought.

10.4***

10.5 Remedies. In the event a Party breaches the confidentiality obligations set forth in this ARTICLE 10, the other Party shall be entitled to seek, in addition to any other right or remedy it may have, at Law or in equity, a temporary injunction, without the posting of any bond or other security, enjoining or restraining the breaching Party from any violation or threatened violation of this ARTICLE 10.

10.6 Publications. The Parties recognize that it may be useful or required to publish or publicly disclose the results of Research and Development work on Program DARTs and Licensed Products, and each Party (and its Affiliates) shall be free to publish or publicly disclose

such results, subject, in the case of any such results containing Confidential Information of the other Party, to prior review by the other Party for patentability and protection of its Confidential Information in accordance with this Section 10.6. The Party that desires to publish such results shall provide the other Party with a copy of the applicable proposed abstract, manuscript, or presentation no less than *** prior to its intended submission for publication. The reviewing Party shall respond in writing promptly and in no event later than *** after receipt of the proposed material with any concerns regarding patentability or protection of such reviewing Party's Confidential Information. In the event of concern over patent protection, the publishing Party agrees not to submit such publication or to make such presentation that contains such information until the reviewing Party is given a reasonable period of time, and in no event less than ***, to seek patent protection for any material in such publication or presentation which it believes is patentable. Subject to Section 10.2, any Confidential Information of the reviewing Party shall, if requested by the reviewing Party, be removed by the other Party; provided, however, that (a) Gilead as the publishing Party shall have no obligation to remove any Confidential Information of MacroGenics to the extent such Confidential Information is (i) described in clause (a) of the second sentence of Section 10.1 or (ii) Know-How comprising the Joint IP that relates to ***; and (b) Gilead as the reviewing Party shall not unreasonably request removal of any Confidential Information of Gilead to the extent such Confidential Information is (i) (x) MacroGenics Know-How described in clause (a) of the second sentence of Section 10.1 and (y) related to the *** Licensed Program or (ii) Know-How comprising the Joint IP that relates to ***.

10.7 Return of Confidential Information. Upon the expiration or termination of this Agreement, the Receiving Party shall return to the Disclosing Party all Confidential Information of the Disclosing Party in its possession (and all copies and reproductions thereof). In addition, the Receiving Party shall destroy: (a) any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party; and (b) any Confidential Information of the Disclosing Party (and all copies and reproductions thereof) which is in electronic form or cannot otherwise be returned to the Disclosing Party. Alternatively, upon written request of the Disclosing Party, upon such expiration or termination, the Receiving Party shall destroy all Confidential Information of the Disclosing Party in its possession (and all copies and reproductions thereof) and any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party. Nothing in this Section 10.7 shall require the alteration, modification, deletion or destruction of archival tapes or other electronic back-up media made in the ordinary course of business; provided that the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE 10 with respect to any Confidential Information contained in such archival tapes or other electronic back-up media. Any requested destruction of Confidential Information shall be certified in writing to the Disclosing Party. Notwithstanding the foregoing, (i) the Receiving Party's legal counsel may retain one copy of the Disclosing Party's Confidential Information solely for the purpose of determining the Receiving Party's continuing obligations under this ARTICLE 10 and (ii) the Receiving Party may retain the Disclosing Party's Confidential Information and its own notes, reports and other documents to the extent reasonably required (x) to comply with applicable Law and regulatory requirements; (y) to exercise the rights and licenses of the Receiving Party expressly surviving expiration or termination of this Agreement; and (z) to perform the obligations of the Receiving Party

expressly surviving expiration or termination of this Agreement. Notwithstanding the return or destruction of the Disclosing Party's Confidential Information, the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE 10.

ARTICLE 11
REPRESENTATIONS AND WARRANTIES

11.1 Representations and Warranties of Both Parties. Each Party hereby represents and warrants to the other Party, as of the Effective Date, that:

11.1.1 Such Party is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof.

11.1.2 Such Party has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

11.1.3 This Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof, subject to the effects of bankruptcy, insolvency or other laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

11.1.4 The execution, delivery and performance of this Agreement by such Party does not conflict with any agreement or any provision thereof, or any instrument or understanding, oral or written, to which it is a party or by which it is bound, nor violate any applicable Law.

11.1.5 No government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any applicable Laws currently in effect, is or will be necessary for, or in connection with, the transactions contemplated by this Agreement, or for the performance by it of its obligations under this Agreement, except as necessary to conduct clinical trials or to seek or obtain Regulatory Approvals or as may be required under the HSR Act.

11.2 Representations, Warranties and Covenants of MacroGenics. MacroGenics hereby represents, warrants and covenants to Gilead that:

11.2.1 MacroGenics is as of the Effective Date, and (subject to Section 15.4) will at all times during the Agreement Term be, the sole and exclusive owner of all of the MacroGenics IP that exists as of the Effective Date. Subject to (a) any MacroGenics Third Party Agreements, (b) any rights of any collaborator of MacroGenics or its Affiliates as joint owner of any MacroGenics IP and (c) Section 15.4, MacroGenics and its Affiliates will at all times during the Agreement Term be the sole and exclusive owner of all of the MacroGenics IP that does not

exist as of the Effective Date. MacroGenics' rights to the MacroGenics IP are as of the Effective Date, and at all times during the Agreement Term will be, free of all liens, mortgages, encumbrances, pledges and security interests by any Third Party (including any rights of any Governmental Authority) other than licenses granted to Third Parties that are not inconsistent with the rights and licenses granted to Gilead under this Agreement. As of the Effective Date, there are no MacroGenics Third Party Agreements.

11.2.2 The MacroGenics Patents existing as of the Effective Date are listed on Exhibit C. As of the Effective Date, all documents required to be filed and all payments required to be made in order to maintain each MacroGenics Patent have been filed or made, as the case may be, in a timely manner, and no action has been taken that would constitute waiver, abandonment or any similar relinquishment of rights with respect to any such Patent.

11.2.3 As of the Effective Date, to the knowledge of MacroGenics, the MacroGenics IP existing as of the Effective Date is not invalid or unenforceable, in whole or in part. As of the Effective Date, the conception, development and reduction to practice of the MacroGenics IP existing as of the Effective Date have not constituted or involved the misappropriation of trade secrets or other rights or property of any Person. Except as disclosed on Schedule 11.2.3, there are not as of the Effective Date, nor have there been over the three (3) year period immediately preceding the Effective Date, any actual (or, to MacroGenics' knowledge, threatened) claims, lawsuits, arbitrations, legal or administrative or regulatory proceedings, charges, complaints or investigations by any Government Authority (except in the ordinary administrative course of the granting of patents and proceedings relating thereto) or by any Third Party relating to the MacroGenics IP.

11.2.4 As of the Effective Date, to the knowledge of MacroGenics, the exercise by Gilead of the rights and licenses granted to Gilead by MacroGenics under this Agreement will not infringe any of the intellectual property rights of any Third Party.

11.2.5 As of the Effective Date, to the knowledge of MacroGenics, there is no actual infringement or misappropriation or threatened infringement or misappropriation of any MacroGenics IP by any Person.

11.2.6 As of the Effective Date, MacroGenics has not (a) employed or used a contractor or consultant that has employed, any individual or entity debarred by the FDA (or subject to a similar sanction of EMA), or (b) employed any individual who or entity that is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMA), in the conduct of any pre-clinical activities or clinical studies of Program DARTs.

11.2.7 As of the Effective Date, there is no Regulatory Documentation that (a) is relevant to the Licensed Programs or any Program DARTs and (b) applicable Law requires MacroGenics to have prepared, filed or maintained.

11.2.8 As of the Effective Date, all activities conducted by or on behalf of MacroGenics with respect to Program DARTs have been conducted, in all material respects, in accordance with applicable Law, GLP, GCP and GMP, as applicable.

11.2.9 Without limitation of the generality of Section 11.1.4, as of the Effective Date, MacroGenics has the right to grant all rights and licenses it purports to grant to Gilead with respect to the MacroGenics IP under this Agreement and has not granted to any Third Party any license, right or interest in, to or under MacroGenics IP that is inconsistent with the licenses and rights granted to Gilead in Section 4.1.

11.2.10 As of the Effective Date, MacroGenics has not granted to any Third Party the sole or first right to file, prosecute or maintain Patents that contain Platform Claims. As of the Effective Date, MacroGenics has not granted to any Third Party the sole right to enforce any Platform Claims. MacroGenics as of the Effective Date has not granted, and during the Agreement Term will not grant, to any Third Party any rights (a) to prosecute, maintain or enforce any Product Patents, except for any such rights in the MacroGenics Territory granted to any Third Party licensee, sublicensee or collaborator of MacroGenics with respect to ***Program DARTs or ***Licensed Products, or (b) to enforce any Platform Patents with respect to a Competitive Infringement.

11.2.11 Each Patent listed on Exhibit C is a Platform Patent.

11.3 Mutual Covenants. Each Party hereby covenants to the other Party that:

11.3.1 Such Party shall comply with all applicable Laws in connection with this Agreement and the transactions contemplated hereby.

11.3.2 Such Party will impose on all employees of such Party or its Affiliates who perform work under this Agreement the obligation to assign all right, title and interest in and to their inventions and discoveries, whether or not patentable, to such Party as the sole owner thereof.

11.3.3 Such Party will not (a) employ or use any contractor or consultant that employs any individual or entity debarred by the FDA (or subject to a similar sanction of EMA); or (b) employ any individual who or entity that is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMA), in each of clauses (a) and (b) in the conduct of its activities under this Agreement. If, at any time during the term of this Agreement, (x) any individual or entity employed by such Party or any contractor or consultant used by such Party in the conduct of its activities under this Agreement becomes debarred by the FDA (or subject to a similar sanction of EMA) or (y) any individual or entity employed by such Party in the conduct of its activities under this Agreement becomes the subject of, or is threatened to be made the subject of, an FDA debarment investigation or proceeding (or similar proceeding of EMA), such Party shall immediately notify the other Party.

11.3.4 Such Party shall perform its activities pursuant to this Agreement in compliance in all material respects with GLP, GCP and cGMP (including those specified by the ICH), in each case as applicable.

11.3.5 Neither Party shall, during the Agreement Term, grant any right or license to any Third Party relating to any of the intellectual property rights it owns or Controls which would conflict with any of the rights or licenses granted or to be granted to the other Party hereunder pursuant to the provisions of ARTICLE 4.

11.4 Disclaimer. Except as otherwise expressly set forth in this Agreement, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY THAT ANY PATENTS ARE VALID OR ENFORCEABLE, AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT. Without limiting the generality of the foregoing except as otherwise expressly set forth in this Agreement, each Party disclaims any warranties with regards to: (a) the success of any study or test commenced under this Agreement; (b) the safety or usefulness for any purpose of the technology or materials, including any compounds, it provides or discovers under this Agreement; or (c) the validity, enforceability, or non-infringement of any intellectual property rights or technology it provides or licenses to the other Party under this Agreement. Data and regulatory materials are given by each Party to the other Party, except as otherwise provided herein, on an "as is" basis without any warranty of any kind.

ARTICLE 12
INDEMNIFICATION AND INSURANCE

12.1 Indemnification by Gilead. Gilead shall defend, indemnify and hold harmless the MacroGenics Indemnitees from and against any and all losses, damages, fees, expenses, settlement amounts or costs (including reasonable attorneys' fees and witness fees) ("Losses") relating to or in connection with a Third Party claim arising out of (a) any death, personal bodily injury or damage to real or tangible personal property alleged or proven to result, directly or indirectly, from the possession, use or consumption of, or treatment with, a Program DART or Licensed Product Researched, Developed, Manufactured or Commercialized in the Gilead Territory for the applicable Licensed Program (or, as permitted under this Agreement, the MacroGenics Territory for the applicable Licensed Program), in each case by or on behalf of Gilead or its Affiliates or Sublicensees, including any product liability claims; (b) the Commercialization by or on behalf of Gilead or its Affiliates or Sublicensees of any Program DART or Licensed Product in the Gilead Territory; (c) any actual or alleged infringement or unauthorized use or misappropriation of any Patent or other intellectual property right of a Third Party with respect to the activities of Gilead or its Affiliates or Sublicensees hereunder; (d) any breach by Gilead of its representations, warranties or covenants made under this Agreement; or (e) any illegal or negligent act or omission or willful misconduct of Gilead or its Affiliates or Sublicensees or any of their employees, contractors or agents, in performing Gilead's obligations or exercising Gilead's rights under this Agreement; provided, however, that the foregoing indemnity shall not apply to the extent that any such Losses (i) are attributable to an illegal act by or the gross negligence or willful misconduct of any MacroGenics Indemnitees, or (ii) are otherwise subject to an obligation by MacroGenics to indemnify the Gilead Indemnitees under Section 12.2, as to which Losses the provisions of Section 12.4 shall apply.

12.2 Indemnification by MacroGenics. MacroGenics shall defend, indemnify and hold harmless the Gilead Indemnitees from and against any and all Losses relating to or in connection with a Third Party claim arising out of (a) any death, personal bodily injury or damage to real or

tangible personal property alleged or proven to result, directly or indirectly, from the possession, use or consumption of, or treatment with, a Program DART or Licensed Product Researched, Developed, Manufactured or Commercialized in the MacroGenics Territory for the applicable Licensed Program (or, as permitted under this Agreement, the Gilead Territory for the applicable Licensed Program), in each case by or on behalf of MacroGenics or its Affiliates or Sublicensees, including any product liability claims; (b) the Commercialization by or on behalf of MacroGenics or its Affiliates or Sublicensees of any Program DART or Licensed Product in the MacroGenics Territory, or the Manufacture of any Program DART or Licensed Product on behalf of MacroGenics by any Third Party pursuant to any consent or approval granted by Gilead under Section 3.2.5(e); (c) any actual or alleged infringement or unauthorized use or misappropriation of any Patent or other intellectual property right of a Third Party with respect to the activities of MacroGenics or its Affiliates or Sublicensees hereunder; (d) any breach by MacroGenics of its representations, warranties or covenants made under this Agreement; (e) any illegal or negligent act or omission or willful misconduct of MacroGenics or its Affiliates or Sublicenses or any of their employees, contractors or agents, in performing MacroGenics' obligations or exercising MacroGenics' rights under this Agreement; or (f) any exercise by MacroGenics of its rights under the license grant by Gilead in Section 4.2(d); provided, however, that the foregoing indemnity shall not apply to the extent that any such Losses are attributable to (i) an illegal act by or the gross negligence or willful misconduct of any Gilead Indemnitees, or (ii) are otherwise subject to an obligation by Gilead to indemnify the MacroGenics Indemnitees under Section 12.1, as to which Losses the provisions of Section 12.4 shall apply.

12.3 Procedure.

12.3.1 In the event of a claim by a Third Party against any Person entitled to indemnification under this Agreement, the Party claiming indemnification (in such capacity, the "Indemnified Party") shall promptly notify the other Party (in such capacity, the "Indemnifying Party") in writing of the claim (it being understood that the failure by the Indemnified Party to give prompt notice of a Third Party claim as provided in this Section 12.3 shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that such Indemnifying Party is actually prejudiced as a result of such failure to give prompt notice). Within thirty (30) days after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, undertake and solely manage and control, at its sole expense and with counsel reasonably satisfactory to the Indemnified Party, the defense of the claim; provided, however, that if MacroGenics is the Indemnifying Party and the claim relates to a Program DART or Licensed Product with respect to which a Phase 2 Clinical Trial has been Completed, then Gilead may, at any time upon written notice to MacroGenics, assume sole management and control of the defense of the claim, at its sole expense (provided, however, that Gilead shall not be required to reimburse MacroGenics for any expenses incurred by MacroGenics in connection with MacroGenics' defense of the claim prior to such assumption). If the Indemnifying Party does not undertake such defense in accordance with the preceding sentence, the Indemnified Party shall control such defense. The Party not controlling such defense shall cooperate with the other Party and may, at its option and expense, participate in such defense with counsel of its choice; provided, however, that if the Indemnifying Party assumes control of such defense as set forth above and the Indemnified Party in good faith concludes, based on advice from counsel, that the Indemnifying Party and the

Indemnified Party (or the relevant MacroGenics Indemnitee or Gilead Indemnitee seeking indemnification) have conflicting interests with respect to such action, suit, proceeding or claim, the Indemnified Party's counsel may fully participate in such defense and the Indemnifying Party shall be responsible for the reasonable fees and expenses of one counsel to the indemnified Persons solely in connection therewith. The Party controlling such defense shall keep the other Party advised of the status of such action, suit, proceeding or claim and the defense thereof, shall provide the other Party copies of material documents and filings related to such action, suit, proceeding or claim and shall consider recommendations made by the other Party with respect thereto. Except if the Indemnifying Party did not undertake defense of the claim as set forth above, or if the Indemnifying Party and the Indemnified Party (or the relevant MacroGenics Indemnitee or Gilead Indemnitee seeking indemnification) have conflicting interests with respect to such action, suit, proceeding or claim and the Indemnified Party engages separate counsel, as provided above, the Indemnifying Party shall not be liable for any litigation costs or expenses incurred by the Indemnified Party without the Indemnifying Party's written consent. The Indemnified Party shall not settle any such action, suit, proceeding or claim without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, delayed or conditioned. The Indemnifying Party shall not settle, without the prior written consent of the Indemnified Party, any such action, suit, proceeding or claim, or consent to any judgment in respect thereof, that does not include a complete and unconditional release of the Indemnified Party from all liability with respect thereto, that imposes any liability or obligation on the Indemnified Party or that acknowledges fault by the Indemnified Party.

12.3.2 Notwithstanding anything to the contrary above, in the event of any claim or criminal action brought by a Governmental Authority against a Gilead Indemnitee for which indemnification may be sought under this Section 12.3, Gilead shall have the right to control the defense, litigation, settlement, appeal or other disposition of the claim or action at MacroGenics' expense.

12.4 Allocation. In the event a claim falls within the scope of the indemnity given by each Party in Section 12.1 or 12.2, as the case may be, any payments in connection with such claim shall be apportioned between the Parties in accordance with the degree of fault attributable to each Party.

12.5 EXCLUSION OF CONSEQUENTIAL DAMAGES. EXCEPT WITH RESPECT TO A BREACH OF SECTION 4.9, ARTICLE 10 OR THIRD PARTY CLAIMS THAT ARE SUBJECT TO INDEMNIFICATION UNDER THIS ARTICLE 12, NEITHER MACROGENICS NOR GILEAD, NOR ANY OF THEIR RESPECTIVE AFFILIATES, WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER SUCH PARTY OR ANY REPRESENTATIVE OF SUCH PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE.

12.6 Insurance.

12.6.1 MacroGenics shall, at its own cost and expense, obtain and maintain in full force and effect the following insurance:

(a) ***;

(b) ***;

(c) Upon initiation by MacroGenics of human clinical trials of any Program DART or Licensed Product, Clinical Trials insurance in accordance with applicable Law in the jurisdiction where such trials will be performed; and

(d) ***

In the event that any of the required policies of insurance are written on a claims made basis, then such policies shall be maintained for a period of not less than five (5) years following the termination or expiration of this Agreement. Each insurance policy that is required under this Section 12.6.1 shall be obtained from an insurance carrier with an A.M. Best rating of at least A-VII. MacroGenics shall furnish a certificate of insurance for any of the required policies as soon as practicable after the Effective Date (or, with respect to clauses (b) and (c) above, such time as MacroGenics obtains the applicable policy) and upon any renewal thereof.

12.6.2 Gilead shall at its own cost and expense, obtain and maintain in full force and effect the following insurance:

(a) Upon initiation by Gilead of human clinical trials of any Program DART or Licensed Product, Clinical Trials insurance in accordance with applicable Law in the jurisdiction where such trials will be performed; and

(b) ***.

In lieu of insurance, Gilead may self-insure any or a portion of the above required insurance. In the event that any of the required policies of insurance are written on a claims made basis, then such policies shall be maintained for a period of not less than five (5) years following the termination or expiration of this Agreement. Subject to Gilead's right to self-insure, each insurance policy that is required under this Section 12.6.2 shall be obtained from an insurance carrier with an A.M. Best rating of at least A-VII. Gilead shall furnish a certificate of insurance for any of the required policies as soon as practicable after Gilead obtains the applicable policy and upon any renewal thereof.

ARTICLE 13
TERM AND TERMINATION

13.1 Agreement Term; Expiration. This Agreement shall become effective as of the Effective Date and, unless earlier terminated in accordance herewith, shall continue in full force with respect to any Licensed Program until the expiration of the last to expire Royalty Term for a Licensed Product from such Licensed Program with respect to each country in the Gilead Territory for such Licensed Program.

13.2 Termination for Cause. Either Party (the "Non-Breaching Party") may, without prejudice to any other remedies available to it under applicable Law or in equity, terminate this Agreement in its entirety or with respect to any Licensed Program if the other Party (the "Breaching Party") shall have materially breached or defaulted in the performance of its obligations hereunder with respect to such Licensed Program, and such default shall have continued for *** after written notice thereof was provided to the Breaching Party by the Non-Breaching Party, such notice describing the alleged breach. Any such termination shall become effective at the end of such *** cure period, unless the Breaching Party has cured such breach or default prior to the expiration of such cure period; provided, however, that if the Breaching Party notifies the Non-Breaching Party within such *** period that the Breaching Party disagrees in good faith with such asserted basis for termination, the termination of this Agreement in its entirety or with respect to the applicable Licensed Program shall not be effective unless and until the matter has been finally resolved in accordance with Section 15.2 and the decision by the applicable court rendered in accordance with Section 15.2 holds that the Breaching Party materially breached this Agreement. The right of either Party to terminate this Agreement as provided in this Section 13.2 shall not be affected in any way by such Party's waiver or failure to take action with respect to any previous default.

13.3 Termination for Patent Challenge. If either Party or any of its Affiliates: (a) commences or otherwise voluntarily determines to participate in any action or proceeding (including any patent opposition or re-examination proceeding), challenging or denying the validity of any of the other Party's Patents or Joint Patents licensed hereunder or any claim thereof, excluding any such challenge asserted as a counterclaim in litigation initiated by the other Party or its Affiliates, or (b) actively assists any other Person in bringing or prosecuting any action or proceeding (including any patent opposition or re-examination proceeding) challenging or denying the validity of any of such Patents or any claim thereof, the non-challenging Party shall have the right to terminate this Agreement with respect to the Licensed Program to which such Patents are subject upon *** written notice to the other Party. Any such termination shall only become effective if the challenging Party or its Affiliate, as applicable, has not withdrawn such action before the end of the above notice period.

13.4 Termination for Convenience. Gilead may terminate this Agreement with respect to any Licensed Program at any time upon *** written notice to MacroGenics if the effective date of such termination is *** after the Effective Date; provided, however, that Gilead may terminate this Agreement with respect to a Licensed Program at any time upon *** written notice to MacroGenics if there is a ***; and provided, further, that if the Research Term of the Research Program associated with any terminated Licensed Program has not expired as of the effective date of such termination, (a) the Parties shall use good faith efforts to reallocate the FTEs for such Research Program, first to other active Research Programs (if any), and second to any other research programs of MacroGenics, and (b) Gilead shall pay the reasonable, documented Out-of-Pocket Costs and FTE Costs of MacroGenics incurred in winding down such Research Program.

13.5 Termination for Insolvency Event: Either Party may terminate this Agreement in its entirety upon written notice to the other Party if the other Party suffers an Insolvency Event.

13.6 Termination for HSR Act Delay. Gilead may terminate this Agreement with respect to the ***Licensed Program, the *** Licensed Program or the ***Licensed Program, as applicable, upon written notice to MacroGenics if an HSR Filing with respect to such Licensed Program is made under Section 3.2.2(c) and the waiting period (or any extension thereof) under the HSR Act has not terminated or expired as of sixty (60) days after the date on which such HSR Filing is made.

13.7 Effect of Termination.

13.7.1 Subject to Section 13.8, upon termination of this Agreement by MacroGenics in whole or with respect to one or more Terminated Programs pursuant to Section 13.2, 13.3, 13.5 or 15.5 or by Gilead with respect to one or more Terminated Programs pursuant to Section 13.4:

(a) all rights, licenses and options granted by MacroGenics to Gilead with respect to each Terminated Program hereunder shall terminate and Gilead shall not have any rights to use or exercise any rights under the MacroGenics IP with respect to any such Terminated Program;

(b) any Gilead Collaboration Know-How described in clause (a) of the second sentence of Section 10.1 shall continue to be deemed to be the Confidential Information of each Party;

(c) if such termination occurs during a Research Term, Gilead shall promptly transfer and assign to MacroGenics all Supplemental Data and Gilead Collaboration IP that was created by or on behalf of Gilead or its Affiliates, or both, whether solely or jointly with MacroGenics, in the course of conducting activities under the Terminated Program;

(d) if such termination occurs after the Research Term and during a License Term:

(i) to the extent Gilead has conducted any Research, Development or Commercialization activities with respect to such Terminated Program, Gilead shall provide to MacroGenics a fair and accurate detailed written description of the status of such activities through the effective date of termination within *** of such termination;

(ii) the licenses granted to MacroGenics pursuant to Section 4.2 shall remain in effect and with respect to any Terminated Program shall become irrevocable; provided, however, that MacroGenics shall not use any Gilead Collaboration IP in connection with any activities in the Gilead Territory, except in accordance with (x) the license grants set forth in clauses (c) and (d) of Section 4.2 or (y) any rights of MacroGenics under any agreement entered into pursuant to Section 13.7.1(d)(vi);

(iii) the rights granted to MacroGenics under Section 9.3.2 shall survive;

(iv) Gilead shall, to the extent it has not already done so, provide to MacroGenics copies of all Gilead Collaboration IP that was created by or on behalf of Gilead or its Affiliates in the course of conducting activities under the Terminated Program, solely to the extent necessary for MacroGenics to exercise its rights under clauses (ii) and (v) of this Section 13.7.1(d);

(v) Gilead hereby grants to MacroGenics, effective upon such termination, a non-exclusive, royalty-free, non-transferable (except in accordance with Section 15.4) license, with the right to sublicense (subject to Section 4.3), under (A) Gilead's and its Affiliates' interest in Gilead Collaboration IP and Joint IP that are Platform IP and that were created by or on behalf of Gilead or its Affiliates, or both, whether solely or jointly with MacroGenics, in the course of conducting activities under the Terminated Program, to Research, Develop, Manufacture and Commercialize throughout the world DARTs; and (B) if the ***Licensed Program is the Terminated Program, clinical data included in the Gilead Collaboration Know-How that results from any Phase 1 Clinical Trial or Phase 2 Clinical Trial of any ***Program DART or ***Licensed Product, to Research, Develop, Manufacture and Commercialize ***Program DARTS and ***Licensed Products throughout the world; and

(vi) the Parties shall enter into good faith negotiations with respect to an agreement pursuant to which Gilead would grant to MacroGenics a license under Gilead Collaboration IP (other than any Gilead Collaboration Know-How licensed to MacroGenics in accordance with clause (v) above) to Research, Develop, Manufacture and Commercialize the Licensed Product(s) from such Terminated Program, with terms regarding degree of exclusivity, royalty or other payments, access to or assignment of relevant Regulatory Documentation and other technical and other information or materials in Gilead's or its Affiliates' possession or control, transfer or amendment of applicable agreements or arrangements with Third Parties and other appropriate transition matters to be negotiated in good faith.

13.7.2 Subject to Section 13.8, upon termination of this Agreement by Gilead in whole or with respect to one or more Terminated Programs pursuant to Section 13.2, 13.3, 13.5 or 15.5:

(a) all rights, licenses and options of or granted to Gilead, its Affiliates or Sublicensees pursuant to this Agreement with respect to such Terminated Program, including in Sections 4.1, 6.2.2 and ARTICLE 9, shall remain in effect;

(b) any MacroGenics Know-How described in clause (a) of the second sentence of Section 10.1 shall continue to be deemed to be the Confidential Information of each Party;

(c) all payment obligations under ARTICLE 8 with respect to such Terminated Program shall remain in effect;

(d) all license grants, including under Section 4.2(d), by Gilead, its Affiliates or Sublicensees to MacroGenics pursuant to this Agreement with respect to such Terminated Program shall terminate; and

(e) MacroGenics shall provide to Gilead copies of such technical and other information and materials in MacroGenics' or its Affiliates' possession or control as of the date of termination, in each case that relate to such Terminated Program, to the extent not previously provided to Gilead hereunder.

13.7.3 Subject to Section 13.8, upon termination of this Agreement by Gilead with respect to ***Licensed Program, the *** Licensed Program or the *** Licensed Program, as applicable, pursuant to Section 13.6, all rights and obligations of each Party hereunder with respect to such Terminated Program shall terminate.

13.8 Accrued Rights; Surviving Provisions of the Agreement.

13.8.1 Accrued Rights. Termination or expiration of any aspect of this Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of any Party prior to such termination or expiration, including the payment obligations under ARTICLE 8 and any rights of Gilead under the last sentence of Section 8.5.4(b), and any and all damages or remedies arising from any breach hereunder. Such termination or expiration shall not relieve any Party from obligations which are expressly indicated to survive termination of this Agreement.

13.8.2 Surviving Provisions of the Agreement. The provisions of Sections 4.8, 8.7 - 8.10 (with regard to accrued but unpaid amounts), 8.11, 9.2, 11.4, 13.7 and 13.8 and ARTICLE 12 and ARTICLE 15, and any applicable definitions in ARTICLE 1, shall survive any partial or entire termination of this Agreement or partial or entire expiration of this Agreement for any reason, in accordance with their respective terms and conditions, and for the duration stated, and where no duration is stated, shall survive indefinitely. ARTICLE 10 shall survive for a period of seven (7) years after the effective date of the entire termination or expiration of this Agreement.

ARTICLE 14
STANDSTILL

14.1 Standstill. In the event that the common stock of MacroGenics becomes listed on a national securities exchange in an initial public offering (an "IPO") ***, Gilead agrees that neither it nor any of its Affiliates, acting alone or as part of any 13D Group, shall directly or indirectly, for a period of *** (the "Standstill Period"), without the prior written approval of MacroGenics' Board of Directors:

14.1.1 acquire or agree, offer, seek or propose to acquire, or cause to be acquired, ownership (including, but not limited to, beneficial ownership as defined in Rule 13d-3 under the Securities and Exchange Act of 1934) of any substantial part of the assets or businesses of MacroGenics or of any voting securities of MacroGenics, or any rights or options to acquire any such ownership (including from a third party);

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14.1.2 make, or in any way participate, directly or indirectly, in any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) to vote, or seek to advise or influence any person with respect to the voting of any voting securities of MacroGenics;

14.1.3 form, join or in any way participate in, a "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) ("13D Group") with respect to any voting securities of MacroGenics;

14.1.4 otherwise act, whether alone or in concert with others, to seek to propose to MacroGenics any merger, business combination, restructuring, recapitalization or similar transaction with respect to or with MacroGenics or otherwise act, whether alone or in concert with others, to seek to control, change the management or Board of Directors of MacroGenics, or nominate any person as a director of MacroGenics who is not nominated by the then incumbent directors;

14.1.5 enter into any discussion, negotiations, arrangements or understandings with any third party with respect to, any of the foregoing; or

Notwithstanding the foregoing, nothing in this Agreement shall limit Gilead's ability to (x) inquire or make a request, orally or in writing, to the chief executive officer or the chairman of the board of directors of MacroGenics with respect to any amendment or waiver of any provision of this Section 14.1 or (y) make or submit to the chief executive officer or the chairman of the board of directors of MacroGenics a bona fide non-public proposal so long as such action would not reasonably be expected to require MacroGenics to make a public announcement relating thereto. If at any time during the Standstill Period, Gilead or, to its knowledge, any of its representatives are approached by any Third Party concerning Gilead's participation in a transaction of the type referred to in Sections 14.1.1 through 14.1.5, Gilead shall, or shall use commercially reasonable efforts to cause its representative (as applicable) to, promptly inform such Third Party that Gilead is bound by certain confidentiality obligations in respect of MacroGenics.

14.2 The restrictions set forth in Section 14.1 shall terminate immediately if: (a) a Person or 13D Group not including Gilead or its Affiliates (i) commences or publicly announces its intent to commence a tender or exchange offer for voting securities of MacroGenics representing more than ******* of the then-outstanding voting power of the voting securities of MacroGenics or (ii) publicly announces a bona fide unsolicited proposal to enter into a transaction described in clause (b)(i) or (ii) below and, prior to the termination, withdrawal or abandonment of such proposal by such Person or 13D Group (as evidenced by a subsequent public announcement or by a written communication to MacroGenics that is either publicly announced or provided by MacroGenics to Gilead), either (x) MacroGenics publicly announces its willingness to consider such proposal or alternative proposals for a transaction described in clause (b)(i) or (ii) below, (y) the Board of Directors of MacroGenics determines to engage in

negotiations with such Person or 13D Group or any other party other than Gilead or its Affiliates with respect to a transaction described in clause (b)(i) or (ii) below, or (z) such offer or proposal is not publicly rejected or recommended against by MacroGenics within ten (10) Business Days after such offer or proposal becomes public, or (b) MacroGenics or its Affiliates initiates a process to consider or enter into a transaction described in clause (i) or (ii) below, or enters into a letter of intent or definitive agreement with any party other than Gilead or its Affiliates regarding (i) any merger, sale, reorganization, recapitalization or other business combination pursuant to which the outstanding shares of MacroGenics would be converted into cash or securities of a Person or a 13D Group not including Gilead or its Affiliates and the stockholders of MacroGenics immediately prior to such transaction would own immediately after consummation of such a transaction less than fifty percent (50%) of the voting power of the voting securities of MacroGenics or the entity surviving such transaction; or (ii) any transaction that would result directly or indirectly in all or substantially all of MacroGenics' assets being sold to any Person or 13D Group not including Gilead or its Affiliates. In the event that the transactions contemplated by clauses (a) and/or (b) shall have been terminated or abandoned, and such termination or abandonment is demonstrable by a press release issued by MacroGenics (or, in the case of clause (a), by the party that initially made the public announcement), then Section 14.1 shall again be applicable for the remainder of the Standstill Period.

14.3 Nothing in this ARTICLE 14 shall prohibit Gilead or its Affiliates from acquiring securities of MacroGenics by or through (a) a diversified mutual or pension fund managed by an independent investment adviser or pension plan established for the benefit of the employees of Gilead or its Affiliates, (b) any employee benefit plan of Gilead or its Affiliates or (c) any stock portfolios not controlled by Gilead or its Affiliates that invest in MacroGenics among other companies, provided in each case that Gilead and its Affiliates do not, directly or indirectly, request the trustee or administrator or investment adviser of such fund, plan or portfolio to acquire such securities.

ARTICLE 15
MISCELLANEOUS

15.1 Informal Dispute Resolution. The Parties agree to refer to the Alliance Managers for resolution any dispute, claim or controversy of any nature arising out of or relating to this Agreement, including any action or claim based on tort, contract or statute, or concerning the interpretation, effect, termination, validity, performance and/or breach of this Agreement (including any amendments hereto), including any matters referred by the JRC to the Alliance Managers for resolution (each, a "Dispute"). The Alliance Managers shall attempt to resolve each Dispute through good faith discussion for a period of not less than ******* after such Dispute is referred to the Alliance Managers by the JRC or either Party. In the event the Alliance Managers are not able to resolve any Dispute in such time period, the Dispute shall be referred to the Executive Officers, who shall attempt to resolve such Dispute through good faith discussion for a period of ******* after such Dispute is referred the Executive Officers. In the event that the Dispute involves a modification to a Research Plan, and such Dispute is not resolved pursuant to this Section 15.1, then Gilead may exercise its deciding vote with respect thereto pursuant to Section 2.3.5.

15.2 Jurisdiction and Venue. Each Party (a) irrevocably submits to the exclusive jurisdiction of the federal and state courts located in the *** (the "Court") with respect to any Dispute, and (b) agrees not to raise any objection at any time to the laying or maintaining of the venue of any action, suit or proceeding for such purpose in any such Court, irrevocably waives any claim that such action, suit or other proceeding has been brought in an inconvenient forum and further irrevocably waives the right to object, with respect to such action, suit or other proceeding, that such Court does not have any jurisdiction over such Party, and (c) agrees not to commence any action, suit or proceeding with respect to any Dispute except in such Court. Each Party further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's notice address provided for in this Agreement shall be effective service of process for any action, suit or proceeding in the Court with respect to any matters to which it has submitted to jurisdiction in this Section 15.2.

15.3 Governing Law. This Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with the *** without reference to conflicts of laws principles.

15.4 Assignment. Neither Party may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other Party, which consent will not be unreasonably withheld or delayed. Notwithstanding the foregoing, this Agreement may be assigned as follows: (a) subject to the next sentence, either Party may assign its rights and obligations under this Agreement by way of sale of itself or the sale of the portion of its business to which this Agreement relates, through merger, sale of assets or sale of stock or ownership interest, provided that the assignee shall expressly agree to be bound by such Party's obligations under this Agreement and that such sale is not primarily for the benefit of its creditors, and (b) either Party may assign its rights and obligations under this Agreement to any of its Affiliates, provided that the assignee shall expressly agree to be bound by such Party's obligations under this Agreement and that such Party shall remain liable for all of its rights and obligations under this Agreement. In the event of (x) an acquisition of either Party or its assets or equity by a Third Party, such acquisition shall not provide the other Party with rights or access to (A) any Patents or Know-How of such Third Party, or any Affiliate of such Third Party that becomes an Affiliate of such acquired Party as a result of such acquisition, that exists as of the date of such acquisition or (B) any Patents or Know-How of such Third Party, or any Affiliate of such Third Party that becomes an Affiliate of such acquired Party as a result of such acquisition, that are filed or developed, as the case may be, after the date of such acquisition, for so long as the acquired Party and such Third Party (or such Affiliate of such Third Party) continue to conduct their applicable Research and Development activities independently of each other, without any sharing or transfer of relevant Know-How, and (y) an acquisition of MacroGenics or its assets or equity by a Third Party, such Third Party shall not be permitted to use any MacroGenics IP, other than MacroGenics IP Controlled by MacroGenics or its Affiliates on the Effective Date, in the Research, Development or Commercialization of any Competing Product (as defined in the first sentence of Section 1.23) being Researched, Developed or Commercialized by such Third Party immediately prior to such acquisition (provided, for clarity, that any use by such Third Party of any MacroGenics IP, including any MacroGenics IP Controlled by MacroGenics or its Affiliates on the Effective Date, shall be subject to any licenses granted to, or other rights of, Gilead hereunder). This Agreement shall be binding upon the successors and permitted assigns

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of the Parties and the name of a Party appearing herein shall be deemed to include the names of such Party's successors and permitted assigns to the extent necessary to carry out the intent of this Agreement. Any assignment not in accordance with this Section 15.4 shall be void.

15.5 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 the prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues and the nonperforming Party takes Commercially Reasonable Efforts to remove the condition; provided, that if the nonperformance is material and continues for more than *******, the Party other than the nonperforming Party shall have the right to terminate this Agreement (i) in its entirety, (ii) solely with respect to the affected Licensed Program, or (iii) if MacroGenics is the nonperforming Party, solely with respect to the affected Research Plan (if any), in each case effective upon written notice to the nonperforming Party. For purposes of this Agreement, "force majeure" shall include conditions beyond the control of the Parties, including an act of God, voluntary or involuntary compliance with any regulation, Law or order of any government, war, act of terror, civil commotion, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe.

15.6 Notices. Any notice or request required or permitted to be given under or in connection with this Agreement shall be deemed to have been sufficiently given if in writing and personally delivered or sent by certified mail (return receipt requested), facsimile transmission (receipt verified), or reputable international business courier (signature required), prepaid, to the Party for which such notice is intended, at the address set forth for such Party below:

If to MacroGenics,

addressed to:
MacroGenics, Inc.
9640 Medical Center Drive
Rockville, MD 20850
Attention: Chief Executive Officer
Facsimile: *******

If to Gilead,

addressed to:
Gilead Sciences, Inc.
333 Lakeside Drive
Foster City, CA 94404
Attention: General Counsel
Facsimile: *******

or to such other address for such Party as it shall have specified by like notice to the other Parties, provided that notices of a change of address shall be effective only upon receipt thereof.

The effective date of any notice shall be (a) the date of delivery, if personally delivered during the recipient's normal business hours (and otherwise the first (1st) Business Day after the date of delivery), (b) the third (3rd) Business Day following the date of mailing, if sent by certified mail, (c) the Business Day following verification of receipt, if sent by facsimile, and (d) the Business Day after dispatch, if sent by international business courier.

15.7 Export Clause. Each Party agrees that, as of the Effective Date, it will not export or re-export restricted commodities or the technical data of the other Party in any form except in compliance with applicable Law (including obtaining any required United States and non-United States government licenses).

15.8 Waiver. Neither Party may waive or 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 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.

15.9 Severability. If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

15.10 Covenant. MacroGenics acknowledges that Gilead is a publicly traded company and that, under this Agreement, MacroGenics may learn of material, non-public information regarding Gilead. MacroGenics understands that federal and state securities laws prohibit MacroGenics' employees from purchasing or selling securities of Gilead while in possession of any such information or from disclosing such information to others. Accordingly, MacroGenics shall take reasonable actions to inform and instruct its employees who receive or have access to Confidential Information of Gilead not to buy or sell securities of Gilead while in possession of any material, non-public information regarding Gilead, and shall not advise others to do so.

15.11 Entire Agreement. This Agreement, together with the Schedules and Exhibits hereto, set forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties as to the subject matter of this Agreement and supersedes and terminates all prior agreements and understanding between the Parties with respect to the subject matter hereof. In particular, and without limitation, this Agreement supersedes and replaces the Existing Confidentiality Agreement and any and all term sheets relating to the transactions contemplated by this Agreement and exchanged between the Parties prior to the Effective Date. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties as to the subject matter of this Agreement other than as set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties.

15.12 Independent Contractors. Nothing herein shall be construed to create any relationship of employer and employee, agent and principal, partnership or joint venture between the Parties. Each Party is an independent contractor. Neither Party shall assume, either directly or indirectly, any liability of or for the other Party. Neither Party shall have the authority to bind or obligate the other Party and neither Party shall represent that it has such authority.

15.13 Headings; Construction; Interpretation. Headings used herein are for convenience only and shall not in any way affect the construction of or be taken into consideration in interpreting this Agreement. The terms of this Agreement represent the results of negotiations between the Parties and their representatives, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereto hereby waives the application in connection with the interpretation and construction of this Agreement of any rule of Law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement. Any reference in this Agreement to an Article, Section, subsection, paragraph, clause, Schedule or Exhibit shall be deemed to be a reference to any Article, Section, subsection, paragraph, clause, Schedule or Exhibit, of or to, as the case may be, this Agreement. Except where the context otherwise requires, (a) any definition of or reference to any agreement, instrument or other document refers to such agreement, instrument other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein); (b) any reference to any Law refers to such Law as from time to time enacted, repealed or amended; (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof; (d) the words “include,” “includes,” “including,” “exclude,” “excludes,” and “excluding,” shall be deemed to be followed by the phrase “but not limited to,” “without limitation” or words of similar import; and (e) any reference to Program DARTs or Licensed Products “from” a Licensed Program shall be deemed to include any Program DARTs, and Licensed Products that comprise or incorporate Program DARTs, that bind to the Program Target for such Licensed Program.

15.14 Further Actions. Each Party shall execute, acknowledge and deliver such further instruments, and do all such other acts, as may be necessary or appropriate in order to carry out the expressly stated purposes and the clear intent of this Agreement.

15.15 Parties in Interest. All of the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by the Parties hereto and their respective successors, heirs, administrators and permitted assigns.

15.16 Performance by Affiliates. To the extent that this Agreement imposes obligations on Affiliates of a Party, such Party agrees to cause its Affiliates to perform such obligations.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

15.17 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original, notwithstanding variations in format or file designation which may result from the electronic transmission, storage and printing of copies from separate computers or printers. Facsimile signatures and signatures transmitted via portable document format (PDF) shall be treated as original signatures.

[Signature page to follow]

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IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

MACROGENICS, INC.

By: /s/ Scott Koenig
Name: Scott Koenig
Title: CEO

GILEAD SCIENCES, INC.

By: /s/ John F. Milligan
Name: John F. Milligan
Title: President and CEO

[Signature page]

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Exhibit A

Access Territory as of the Effective Date

***

A total of two pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit B

DART Platform

***

A total of two pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit C

MacroGenics Patents

Title	Pending Application Number	Foreign Rights
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

A total of three pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit D

Content of Pre-Clinical Data Package for * Research Program**
****

***

A total of three pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit E

Research Plan for the * Research Program**

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

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Exhibit E - 2

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

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A total of five pages were omitted.

Exhibit E - 3

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit F

Press Release

MacroGenics and Gilead Sciences Enter Strategic Alliance to Develop and Commercialize Four DART™ Products

- Based on MacroGenics' proprietary DART technology for generating bi-specific antibodies
- Gilead receives rights to four pre-clinical programs
- MacroGenics retains development and commercial rights to one of the programs in major markets outside North America and the European Union

ROCKVILLE, Maryland – January 7, 2013 – MacroGenics, Inc., a privately held biotechnology company that develops next generation antibody therapeutics, announced it has entered into a license agreement with Gilead Sciences, Inc. (Nasdaq: GILD) for the development and commercialization of Dual-Affinity Re-Targeting (DART™) products directed at up to four undisclosed targets. MacroGenics' DART technology is a proprietary, bi-specific antibody platform in which a single recombinant molecule is able to target two different antigens.

"We look forward to building a long-term collaboration with MacroGenics, a leader in the development of bi-specific antibodies, which represents a promising new area of research," said Roy D. Baynes, M.D., Ph.D., Senior Vice President, Oncology and Inflammation Therapeutics at Gilead. "This partnership underscores Gilead's commitment to developing innovative therapies that address significant unmet medical needs for patients with cancer and other life-threatening diseases."

Under the terms of the agreement, MacroGenics could receive a total of up to $30 million in license fee payments, and up to an additional $85 million in pre-clinical milestones across the four DART programs. Gilead has exclusive worldwide rights for three of the programs. For one program, MacroGenics retains development and commercialization rights outside of North America, Europe, Australia and New Zealand, which encompasses multiple major markets including Japan, China, Korea, Brazil, Russia and others. Gilead will fully fund MacroGenics' research activities with respect to the four programs. MacroGenics could also receive up to approximately $1 billion in clinical, regulatory and commercialization milestone payments if all four programs achieve the requisite milestones. Finally, MacroGenics may receive tiered (up to low double-digit) royalties on future net sales.

"We are very pleased to enter this collaboration with Gilead, a world-class biopharmaceutical company committed to the development of innovative therapeutics," said Scott Koenig, M.D., Ph.D., President and CEO of MacroGenics. "As the fourth major collaboration around our DART platform in the past two years, this deal represents the latest validation of our ongoing efforts."

About DARTs

MacroGenics' DART technology enables the generation of highly stable antibody-based therapeutics that can simultaneously target two different antigens. DART therapeutics can accommodate virtually any variable region sequence in a "plug-and-play" fashion, are highly potent, and have very favorable manufacturing properties. DARTs may be engineered with either short or extended serum half-life to support various applications in different disease areas. In one particular configuration, DART proteins can be used to redirect the body's cell-destroying, immune effector cells against tumor cells. To date, the company has engineered over 100 different DART proteins developed for both internal pipeline programs and external collaborators. MacroGenics anticipates submitting an IND for its first DART product candidate in late 2013. MacroGenics continues to expand its significant patent estate around its DART technology.

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About MacroGenics

MacroGenics is a private, venture-backed biotechnology company focused on the discovery, development and delivery to patients of novel biologics for treatment of cancer, autoimmune disorders and infectious diseases. MacroGenics has built a fully-integrated set of capabilities in antibody-based product development which supports its innovative pipeline of clinical stage product candidates. MacroGenics' proprietary research is based on three core technology platforms, which include: (1) a leading research capability for screening and targeting cancer stem-like cells; (2) Dual-Affinity Re-Targeting (or DART) bi-specific technology, which allows the incorporation of multiple specificities within a single recombinant molecule; and (3) Fc optimization, which enhances antibody-dependent effector cell function. The company has multiple research and development collaborations with major pharmaceutical companies including Les Laboratoires Servier, Gilead Sciences, Inc., Boehringer Ingelheim and Pfizer, Inc. For more information, visit www.macrogenics.com.

About Gilead Sciences

Gilead Sciences is a biopharmaceutical company that discovers, develops and commercializes innovative therapeutics in areas of unmet medical need. The company's mission is to advance the care of patients suffering from life-threatening diseases worldwide. Headquartered in Foster City, California, Gilead has operations in North America, Europe and Asia Pacific.

Statements made in this news release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "intends," and similar expressions are intended to identify forward-looking statements. Actual results may differ materially from those projected in any forward-looking statement. Specifically, there are a number of important factors that could cause actual results to differ materially from those anticipated, such as the Company's ability to raise additional capital, and risks related to the Company's ability to initiate, and enroll patients in, planned clinical trials. You should not place undue reliance on any forward-looking statements. The Company assumes no obligation to update any forward-looking statements as a result of new information, future events or developments, except as required by law.

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Schedule 11.2.3

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Confidential Materials omitted and filed separately with the Securities and Exchange Commission.
Triple asterisks denote omissions.

FIRST AMENDMENT
("Amendment No. 1")

This first amendment, effective as of October 1, 2013 ("Amendment No. 1 Effective Date"), to the LICENSE AGREEMENT BY AND BETWEEN MACROGENICS, INC. AND GILEAD SCIENCES, INC. dated as of January 3, 2013 (the "Agreement"), by and between GILEAD SCIENCES, INC., a Delaware Corporation ("Gilead"), on the one hand, and MACROGENICS, INC., a Delaware corporation, on the other hand ("MacroGenics"). Capitalized terms used but not defined herein shall have the meanings assigned them in the Agreement.

WHEREAS pursuant to the Agreement MacroGenics granted to Gilead, among other things, the right under certain terms, to obtain exclusive licenses under certain intellectual property rights Controlled by MacroGenics for the Research, Development, Manufacture and Commercialization of Program DARTs and Licensed Products from the *** Licensed Program, in accordance with the terms of the Agreement;

WHEREAS the Parties wish to modify the terms for exercising such rights and obtaining such exclusive licenses; and

WHEREAS MacroGenics and Gilead may perform Research activities with respect to certain potential *** prior to the expiration of the nomination period for such *** as mutually agreed by the Parties.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants and obligations set forth in this Amendment No. 1, the parties hereby agree as follows:

1. In Section 1.137 (Additional Definitions):

   1.1 The section reference of "8.1" for the defined term "License Fee" is hereby deleted and substituted with the section reference of "8.1.1".

   1.2 The terms defined in the new text added to the Agreement by this Amendment No. 1 are hereby inserted into Section 1.1.37, together with the section references for the Sections containing the definitions for such defined terms.

2. In the first sentence of Section 3.2.1(a) the *** is hereby replaced with the *** so that the sentence reads in its entirety:

   "At any time prior to the date that is *** after the Effective Date ("***"), Gilead may notify MacroGenics in writing of its nomination of a combination of *** Targets to serve as the *** ("***")."

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3. In the third sentence of Section 3.2.1(b) the first occurrence of the phrase "***" is hereby deleted and substituted with the phrase "*** (*** and a Target that is ***, which may ***)", so that the sentence, up to and including the colon, reads:

"MacroGenics shall be entitled to *** the *** (*** and a Target that is *** which may ***) or the *** only if the nominated combination:"

4. The following text is hereby added to the Agreement as a new Section 3.2.1(d):

"3.2.1(d): Promptly after ***, the Parties shall negotiate in good faith the terms and conditions of a separate agreement under which, during a period beginning on the effective date of such agreement and ending on the commencement of the Research Term of the *** Licensed Program or, if earlier, the expiration of the ***, MacroGenics and Gilead would conduct certain Research activities related to *** (the "Pre-Program Research" in accordance with a written research plan and budget mutually agreed upon by the Parties in advance (such plan and budget the "Pre-Program Plan" and MacroGenics' Out-of-Pocket Costs and FTE Costs incurred in the conduct of such Pre-Program Research, "Pre-Program Costs"). Such agreement shall also include terms and conditions governing the confidentiality, ownership and inventorship of inventions, discoveries and Know-How created, discovered or reduced to practice in the course of the Pre-Program Research."

5. Section 8.1 (License Fees) is hereby deleted in its entirety and substituted with the following text:

"8.1 License Fees and Pre-Program Costs.

8.1.1 Gilead shall pay MacroGenics a non-refundable, non-creditable payment of Seven Million Five Hundred Thousand Dollars ($7,500,000) for each Licensed Program within *** after (a) with respect to the *** Licensed Program, the later of the Effective Date and Gilead's receipt of the corresponding invoice; and (b) with respect to the *** Licensed Program, the *** Licensed Program and the *** Licensed Program, the later of the Clearance Date for such Licensed Program and the date of Gilead's receipt of the corresponding invoice. Each such payment is referred to as a "License Fee", and the maximum amount of License Fees payable hereunder shall be Thirty Million Dollars ($30,000,000).

8.1.2 In the event Gilead is granted a license to the *** Licensed Program under Section 4.1.3, Gilead shall reimburse MacroGenics for Out-of Pocket Costs and FTE Costs incurred by MacroGenics that are Pre-Program Costs. Reimbursement of Pre-Program Costs that are FTE Costs (not to exceed the number of FTEs specified in the Pre-Program Plan) shall be at the FTE Rate. MacroGenics shall use standard industry systems and

processes to record the number of hours/FTEs actually applied to the Pre-Program Research, which systems and process shall be consistently and equitably applied to all MacroGenics research programs with Third Parties. Gilead shall reimburse MacroGenics for Pre-Program Costs within *** after receipt from MacroGenics of each invoice identifying Pre-Program Costs issued within *** after the end of each Calendar Quarter."

6. Except as specifically set forth herein, this Amendment No. 1 shall not by implication or otherwise alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. After the date hereof, any reference to the Agreement shall mean the Agreement as amended herein.

7. The Agreement as amended by this Amendment No. 1, shall embody the entire understanding of the parties with respect to the subject matter hereof and shall supersede all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter hereof.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed by their duly authorized representatives effective as of the date first above written.

GILEAD SCIENCES, INC.

By: /s/ Norbert Bischofberger

Name: Norbert Bischofberger

Title: EVP, R&D/Chief Scientific Officer

MACROGENICS, INC.

By: /s/ Scott Koenig

Name: Scott Koenig

Title: CEO

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An unredacted version of this exhibit has been filed separately with the Commission.

Confidential Materials omitted and filed separately with the Securities and Exchange Commission.
Triple asterisks denote omissions.

COLLABORATION AGREEMENT

This Collaboration Agreement ("**Agreement**"), effective as of June 30, 2010 (the "**Effective Date**"), is entered into by and between MacroGenics, Inc., a Delaware corporation with a place of business at 1500 East Gude Drive, Rockville, MD 20850 ("**MacroGenics**"), and Green Cross Corp., a Korean company with a place of business at 303 Bojeong-Dong, Giheung-Gu, Yongin, 446-770, Korea ("**Green Cross**"). MacroGenics and Green Cross may be referred to herein individually as a "**Party**" or collectively as the "**Parties.**"

Recitals:

A. MacroGenics has expertise in, and platforms for, the discovery and development of products for the treatment of patients with cancer, inflammatory and infectious diseases.

B. Green Cross conducts research and development with respect to, and sells, pharmaceutical products.

C. Green Cross and MacroGenics desire to enter into collaboration for the development of MacroGenics' anti-HER2 Antibody known as MGAH22, and if approved for commercialization, the commercialization of a Product in South Korea, all upon the terms and conditions set forth in this Agreement.

D. MacroGenics desires to grant to Green Cross, and Green Cross desires to receive, an exclusive license for all Indications for all pharmaceutical forms of MGAH22 for South Korea, upon the terms and conditions set forth in this Agreement.

In consideration of the foregoing premises and the mutual covenants herein contained, the Parties hereby agree as follows:

Agreement:

1. **DEFINITIONS.** Unless specifically set forth to the contrary herein, the following capitalized terms, whether used in the singular or plural, shall have the respective meanings set forth below:

1.1 "**Affiliate**" means with respect to any Party, any person or entity controlling, controlled by or under common control with such Party. For purposes of this Section 1.1, "control" means (a) in the case of a corporate entity, direct or indirect

ownership of at least fifty percent (50%) or more of the stock or shares having the right to vote for the election of directors of such corporate entity and (b) in the case of an entity that is not a corporate entity, the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of such entity, whether through the ownership of voting securities, by contract or otherwise.

1.2 "**Allocable Overhead**" means costs incurred by each Party that are attributable to that Party's ******* reasonably allocated to the Party's departments or functions, or used to support activities under the Collaboration based on space occupied or headcount or other activity-based methods consistently applied by each Party. The Allocable Overhead shall not include any costs attributable to *******

1.3 "**Antibody**" means a molecule comprising or containing: (a) one or more immunoglobulin variable domains; (b) fragments, variants, modifications or derivatives of such immunoglobulin variable domains; and (c) the nucleic acid consisting of a sequence of nucleotides encoding (or complementary to a nucleic acid encoding) the foregoing molecules in (a) or (b). The term "Antibody" shall include any monospecific antibodies; less than full-length antibody forms such as Fv, Fab, and F(ab'); single-chain antibodies; and an antibody bound to a drug, label or other moiety and any antibody that is conjugated or fused to any other composition, including for example, a toxin, radionucleotide, small molecule, polypeptide or polypeptide fragment. The term Antibody also includes, without limitation to its source or method of manufacture, any human, humanized, primatized, chimeric or other antibody.

1.4 "**Applicable Laws and Regulations**" means all international, national, federal, state, regional, provincial and local government laws, rules, and regulations that apply to either Party or to the conduct of the Collaboration under this Agreement including without limitation cGMP, GCP, GBPS, and the laws, rules and regulations of the ICH, that may be in effect, as applicable and amended from time to time.

1.5 "**Arbitral Tribunal**" has the meaning set forth in Section 17.7(a).

1.6 "**BLA**" means (a) a Biologics License Application or New Drug Application ("**NDA**") filed with the FDA for marketing approval of a Product or any successor applications or procedures, and all supplements and amendments that may be filed with respect to the foregoing, or similar filings outside the Territory with applicable Regulatory Authorities, for approval to commercially market and sell a Product, or (b) similar filings in the Territory with applicable Regulatory Authorities, including the KFDA, for approval to commercially market and sell a Product. The term BLA shall exclude pricing and reimbursement approvals.

1.7 "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

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1.8 "**Calendar Year**" means the respective periods of twelve (12) months commencing on January 1 and ending on December 31.

1.9 "**cGMP**" means current good manufacturing practices and general biologics products standards as promulgated under the FDCA or Applicable Law and Regulations in the Territory, as applicable.

1.10 "**Change in Control**" means the occurrence of any of the following:

(a) Either Party to this Agreement enters into a merger, consolidation, stock sale or sale or transfer of all or substantially all of its assets, or other similar transaction or series of transactions with another Person unless, following such transaction or transactions, (i) the individuals and entities who were the beneficial owners of the outstanding voting securities of the subject Party immediately prior to such transaction beneficially own, directly or indirectly, at least fifty percent (50%) of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or similar governing persons of the corporation or other entity resulting from such transaction ("**Successor**") in substantially the same proportions as their ownership immediately prior to such transaction of such outstanding voting securities, (ii) at least fifty percent (50%) of the members of the Board of Directors or similar governing body of the Successor were members of the Board of Directors of the subject Party at the time of the execution of the initial agreement, or the action of the Board of Directors of the subject Party, providing for such transaction; (iii) the subject Party retains title ownership after the transaction or transactions to properties and assets (x) representing more than fifty percent (50%) of such Person's consolidated total assets or (y) from which more than fifty percent (50%) of such Person's consolidated operating income for its most recent fiscal was derived, and (iv) the subject Party is the surviving entity in such transaction or transactions;

(b) any transaction or series of related transactions in which any Person or group of Persons acquires beneficial ownership of securities of the subject Party representing more than fifty percent (50%) of the combined voting power of the then outstanding securities of the subject Party.

1.11 "**Clinical Data**" means all data generated or arising from the conduct of a clinical trial or other Development efforts under this Agreement.

1.12 "**Clinical Material(s)**" means MGAH22 and Product formulated in accordance with the specifications as adopted by the JSC and United States and Korean laws, rules and regulations (a) for preclinical activities, and (b) for administration to subjects in clinical trials.

1.13 "**CMC**" means Chemistry Manufacturing and Controls.

1.14 "**Collaboration**" means the program established under this Agreement, which includes collaborative development of Products.

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1.15 "**Commencement**" means the first dosing of a human subject with the applicable Product in the applicable human clinical trial.

1.16 "**Commercial Supply Costs**" shall mean the costs paid by Green Cross to MacroGenics for the commercial supply of Product pursuant to Section 6.2(d), provided that Commercial Supply Costs for a Product shall not be deemed incurred by Green Cross for purposes of this Agreement until the Calendar Quarter in which such Product is sold by Green Cross or any of its Related Parties.

1.17 "**Commercialization**" or "**Commercialize**" means activities taken before and after obtaining Regulatory Approval relating specifically to the pre-launch, launch, promotion, marketing, sales force recruitment, sale and distribution of a pharmaceutical product and post-launch medical activities, including without limitation: (a) distribution for commercial sale; (b) strategic marketing, sales force Detailing, advertising, and market and product support; (c) medical education and liaison and any Phase IV Clinical Trials, to the extent permitted by this Agreement; (d) all customer support and product distribution, invoicing and sales activities; and (e) all post-approval regulatory activities, including those necessary to maintain Regulatory Approvals.

1.18 "**Commercially Reasonable Efforts**" means with respect to the efforts to be expended by a Party with respect to any objective under this Agreement, reasonable, good faith efforts to accomplish such objective as such Party would normally use to accomplish a similar objective of such Party under similar circumstances, it being understood and agreed that with respect to the Development or Commercialization of MGAH22 and Products, such efforts shall be similar to those efforts and resources commonly used by a Party for a similar biological or pharmaceutical product owned by it or to which it has rights, which product is at a similar stage in its development or product life and is of similar market potential taking into account efficacy, safety, approved labeling, the competitiveness of alternative products in the marketplace, the patent and other proprietary position of the product, and the likelihood of regulatory approval given the regulatory structure involved.

1.19 "**Competing Product**" means any Antibody that binds to the protein termed "HER2/Neu", other than a Product.

1.20 "**Completion**" or "**Completed**" for a clinical trial means the later of the following dates: (a) the date on which all patients have completed protocol-defined study drug administration, and (b) ***

1.21 "**Confidential Information**" means any and all non-public scientific, pre-clinical, clinical, regulatory, manufacturing, marketing, financial and commercial information and data, in any tangible or intangible form, including all Know-how subject to Section 12.

1.22 "**Control**," "**Controls**" or "**Controlled by**" means (except as used in Section 1.1), with respect to any item of or right under Patents or Know-how, the ability

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of a Party (whether through ownership or license, other than pursuant to this Agreement) to grant access to, or a license or sublicense of, such item or right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party existing at the time such Party would be required hereunder to grant the other Party such access or license or sublicense.

1.23 "**CRO**" means a clinical research organization.

1.24 "**CTA**" means a Clinical Trial Application or its equivalent used to obtain approval to conduct human clinical investigations filed with or submitted to the KFDA in order to establish the clinical safety and/or efficacy of one or more investigational products in conformance with the requirements of the KFDA.

1.25 "**Data Exclusivity Period**" means the period during which the FDA or KFDA (or, in countries other than the United States or South Korea, an equivalent regulatory agency) prohibits reference, without the consent of the owner of a BLA, to the clinical and other data that is contained in such BLA, and that is not published or publicly available outside of such BLA.

1.26 "**Details**" **or** "**Detailing**" means face-to-face sales presentations made to physicians, nurses, pharmacists, and other individuals who provide healthcare services to patients, in their capacity as such.

1.27 "**Develop**" or "**Development**" or "**Developing**" means research, discovery, process development, manufacturing for preclinical and clinical uses, and preclinical and clinical drug or biological development activities, including, without limitation, test method development and stability testing, toxicology, formulation, quality assurance/quality control development, statistical analysis, preclinical and clinical studies and regulatory affairs, approval and registration, in each case, of MGAH22 or a Product for therapy of human diseases.

1.28 "**Development Costs**" means all costs incurred in connection with any Development activities.

1.29 "**FDA**" means the United States Food and Drug Administration, or any successor agency thereto.

1.30 "**FDCA**" means the Federal Food, Drug and Cosmetic Act, as amended.

1.31 "**Field**" means all oncology therapies; provided, however, that in the case of any Products covered by a Patent or other intellectual property right licensed in one or more Upstream Licenses, "Field" shall be limited to the minimum extent necessary to comply with the terms of such Upstream License for so long as such limitation is necessary to avoid breach of the Upstream License.

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1.32 "**Filing of a BLA**" means the acceptance by a Regulatory Authority of such BLA for filing.

1.33 "**First Commercial Sale**" means, with respect to any Product, the first sale to a Third Party for end use or consumption of such Product in the Territory after Regulatory Approval has been granted by the Regulatory Agency for the Product in the Territory.

1.34 "**Fully Burdened Manufacturing Cost**" or "**FBMC**" means one hundred percent (100%) of MacroGenics' actual manufacturing cost of goods produced, as determined for each stage of the manufacturing process, in accordance with GAAP, including product quality assurance/control costs, failed lots, plus applicable Allocable Overhead. Such Fully Burdened Manufacturing Cost shall include, without limitation: (i) *******

1.35 "**GAAP**" means U.S. Generally Accepted Accounting Principles as the same may be in effect from time to time.

1.36 "**GBPS**" means the General Biological Products Standards as set forth in 21 C.F.R. Part 610, to the extent applicable to the Collaboration.

1.37 **cGMP**" or "**current Good Manufacturing Practices**" means current Good Manufacturing Practices as set forth in the FDCA and the Public Health Service Act (the "**PHS Act**"), and in regulations at 21 C.F.R. Parts 210, 211 and 600, as in effect at the time when any clinical trial regarding a Product is being conducted, provided, and to the extent applicable to such clinical trial, as such regulations are interpreted and enforced by the FDA, including as set forth in applicable guidance documents issued by the FDA, and in accordance with applicable, generally accepted industry standards.

1.38 "**GCP**" or "**Good Clinical Practices**" means current Good Clinical Practices as set forth in the Applicable Laws and Regulations, such as FDCA and the PHS Act and regulations set forth at 21 C.F.R. Part 312, as well as (but not limited to) the requirements set forth in Directive 2001/20/EC of the European Parliament and of the Council of 4 April 2001 and Commission Directive 2005/28/EC of 8 April 2005, to the extent applicable to a clinical trial regarding any Product, as such obligations are interpreted and enforced by the applicable Regulatory Authority (e.g., FDA and Member States of the European Union), and as interpreted under prevailing industry standards, including standards of medical ethics, applicable guidance documents issued by the FDA and any other Regulatory Authority, including ICH GCP, the informed consent requirements set forth in 21 C.F.R. Part 50 and the equivalent legal requirements in other applicable jurisdictions, the requirements relating to Institutional Review Boards set forth in 21 C.F.R. Part 56 and the equivalent legal requirements in other applicable jurisdictions, all as the same may be amended from time to time.

1.39 "**GLP**" or "**Good Laboratory Practices**" means the recognized rules governing the conduct of non-clinical safety studies and ensuring the quality, integrity and reliability of study data as set forth in Applicable Laws and Regulations, such as 21 C.F.R. Part 58.

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1.40 "**Green Cross Indemnitees**" has the meaning set forth in Section 14.2.

1.41 "**Green Cross Licensed Know-how**" means all Know-how (excluding any Patent) Controlled by Green Cross as of the Effective Date or at any time during the Term that is: (a) related to MGAH22 and (b) necessary for MacroGenics to exercise the rights licensed to it under this Agreement or perform its obligations under this Agreement. "Green Cross Licensed Know-how" shall also include Green Cross' interest in any Know-how deemed jointly owned pursuant to Section 15.1(c).

1.42 "**Green Cross Licensed Patents**" means any and all Patents Controlled by Green Cross at any time during the Term that: (a) are related to any data, result or invention conceived or reduced to practice in the course of conducting the Collaboration solely by Green Cross specifically in relation to MGAH22 and (b) Green Cross' interest in any Patent deemed jointly owned pursuant to Section 15.1(c).

1.43 "**Health Insurance Portability and Accountability Act**" or "**HIPAA**" means the act enacted by the U.S. Congress in 1996 and took effect in 2003 that strictly dictates the parameters that identifiable private health information (PHI) can be shared outside of the research environment, as amended.

1.44 ***

1.45 "**ICH**" means the International Conference on Harmonisation.

1.46 "**IND**" means an Investigational New Drug application, or similar application or submission for approval to conduct human clinical investigations filed with or submitted to a Regulatory Authority in conformance with the requirements of such Regulatory Authority.

1.47 "**Indemnifying Party**" means the Party that is obligated to indemnify the Indemnitee under Section 14.

1.48 "**Indemnitee**" means either the Green Cross Indemnitee or the MacroGenics Indemnitee, as applicable.

1.49 "**Independent Ethics Committee**" or "**IEC**" means an independent body (a review board or a committee, institutional, regional, national, or supranational), constituted of medical professionals and non-medical members, whose responsibility it is to ensure the protection of the rights, safety and well-being of human subjects involved in a trial and to provide public assurance of that protection, by, among other things, reviewing and approving / providing favorable opinion on, the trial protocol, the suitability of the investigator(s), facilities, and the methods and material to be used in obtaining and documenting informed consent of the trial subjects. The legal status,

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composition, function, operations and regulatory requirements pertaining to IEC may differ among countries, but should allow the Independent Ethics Committee to act in agreement with GCP as described in this guideline.

1.50 "**Indication**" means a separate and distinct disease, disorder or medical condition in humans or non-human animals which a product is intended to treat, prevent, diagnose, monitor or ameliorate and which, for a Product, is intended to be reflected in the labeling for such Product as an approved Indication, and which, for an approved Product, is reflected in the labeling for such Product.

1.51 "**Informed Assent Form**" or "**IAF**" means an agreement to participate by subjects who are not able to give consent, either because they are minors or because they are legally incompetent.

1.52 "**Informed Consent Form**" or "**ICF**" means a document that outlines a patient's rights during participation in a clinical trial. It also discusses the potential risks and benefits associated with participation, including all available data on previous studies. The ICF must be signed by the patient or authorized caregiver before entrance is granted into a study.

1.53 "**Initial Public Offering**" means the first completed offering of capital stock of MacroGenics registered under the Securities Act of 1933, as amended.

1.54 "**Investigational Review Board**" or "**IRB**" means in accordance with 45 C.F.R. 46, Protection of Human Subjects (Revised November 13, 2001) and 21 C.F.R. 45, Subpart C, IRB Functions and Operations, (as amended June 18, 1991 and other applicable regulations), an independent body comprising medical, scientific, and nonscientific members, whose responsibility is to ensure the protection of the rights, safety, and well-being of the subjects involved in a clinical trial. It may also be referred to as an IEC in accordance with ICH E6, Section 1.27.

1.55 "**Jointly Owned IP**" has the meaning set forth in Section 15.1(c).

1.56 "**Jointly Owned Patents**" has the meaning set forth in Section 15.2(b)(i).

1.57 "**Joint Development Committee**" or "**JDC**" has the meaning set forth in Section 2.2.

1.58 "**Joint Steering Committee**" or "**JSC**" has the meaning set forth in Section 2.1.

1.59 "**KFDA**" means Korean Food and Drug Administration, or any successor agency thereto.

1.60 "**Know-how**" means (a) any proprietary scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, including databases, practices, methods, techniques, specifications,

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formulations, formulae, knowledge, know-how, skill, experience, test data including pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data, stability data, studies and procedures, and manufacturing process and development information, results and data and (b) any proprietary biological, chemical or physical materials.

1.61 "**Licensing Transaction**" has the meaning set forth in Section 12.3(d)(ii)(C).

1.62 "**Losses**" has the meaning set forth in Section 14.1.

1.63 "**MacroGenics Indemnitee**" has the meaning set forth in Section 14.1.

1.64 "**MacroGenics Licensed Know-how**" means the Know-how (excluding any Patents) that is Controlled by MacroGenics as of the Effective Date or at any time during the Term, that is: (a) related to MGAH22 and (b) necessary for Green Cross to exercise the rights licensed to it pursuant to this Agreement or to perform its obligations under this Agreement.

1.65 "**MacroGenics Licensed Patents**" means the Patents Controlled by MacroGenics as of the Effective Date or at any time during the Term that: (a) claim the composition of matter of MGAH22 or a Product, (b) would be infringed but for the license granted hereunder by making, having made, selling, using, offering for sale or importing MGAH22 or any Product, or (c) are otherwise necessary for Green Cross to exercise the rights licensed to it under this Agreement, or to perform its obligations under this Agreement, as listed in Exhibit A attached hereto. "MacroGenics Licensed Patents" shall include MacroGenics' interest in any Patents deemed jointly owned pursuant to Section 15.1(c).

1.66 "**MacroGenics Licensed Technology**" means the MacroGenics Licensed Patents and the MacroGenics Licensed Know-how.

1.67 "**MacroGenics Licensed Trademarks**" means any and all Trademarks Controlled by MacroGenics as of the Effective Date or at any time during the Term, that are registered for or apply to a Product, as listed on Exhibit B.

1.68 "**MGAH22**" means the therapeutic Antibody which binds to the HER2/Neu receptor described in IND # 107768.

1.69 "**Net Sales**" means the gross amount invoiced for Products (or, as the case may be, a Competing Product) sold by Green Cross or its Related Parties in the Territory initially and directly to Third Parties which are not Related Parties after deducting, if not previously deducted, from the amount invoiced, the following, in each case to the extent included in the gross invoice price:

(a) reasonable trade, quantity and cash discounts and rebates (including, but not limited to, wholesaler inventory management fees), chargebacks, and retroactive price reductions or allowances actually allowed or granted from the billed amount;

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(b) credits or allowances actually granted upon claims, rejections or returns of such sales of Products, including recalls and amounts credited or repaid because of retroactive price reductions specifically identifiable to the Product;

(c) taxes imposed on the production, sale, import, delivery or use of the Product (including, without limitation, sales, use, excise or value added taxes but excluding income taxes), duties or other governmental charges (including, without limitation, charges for product testing required for importation) levied on or measured by the billing amount when included in billing, as adjusted for rebates and refunds; and

(d) costs incurred for importing (including, but not limited to, transportation, freight and insurance, and warehousing in the Territory).

Such amounts shall be determined from the books and records of Green Cross or its Related Party, maintained in accordance with International Financial Reporting Standards (IFRS) or such similar accounting principles, consistently applied. Green Cross further agrees, in determining such amounts, it will use Green Cross' then-current standard procedures and methodology, including Green Cross' then-current standard exchange rate methodology for the translation of foreign currency sales into U.S. Dollars or, in the case of Sublicensees, such similar methodology, consistently applied.

1.70 "**Patent(s)**" means (a) all patents and patent applications in any country or supranational jurisdiction and (b) any provisionals, substitutions, divisions, continuations, continuations in part, reissues, renewals, registrations, confirmations, reexaminations, extensions, supplementary protection certificates and the like, of any such patents or patent applications.

1.71 "**Patent Prosecution**" means the responsibility for (a) preparing, filing, prosecuting, and pursuing registration of, applications (of all types) for any Patent (b) for maintaining any Patent, and (c) for managing any interference or opposition proceeding relating to the foregoing.

1.72 "**Permitted Subcontractors**" has the meaning set forth in Section 3.5.

1.73 "**Person**" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other similar entity or organization, including a government or political subdivision, department or agency of a government.

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1.74 "**Phase I Clinical Development Plan**" means the plan set forth on Exhibit C.

1.75 "**Phase I Clinical Trial**" means a human clinical trial of a Product in patients in any country that would satisfy the requirements of Applicable Laws and Regulations for such country, such as 21 C.F.R. § 312.21(a), relating to human clinical trials conducted in the United States.

1.76 "**Phase II Clinical Development Plan**" means the plan set forth on Exhibit D, as amended pursuant to Section 4.

1.77 "**Phase II Clinical Trial**" means a human clinical trial conducted in patients with a Product in accordance with GCP and intended to demonstrate efficacy and a level of safety in the particular Indication tested, as well as to obtain a preliminary Indication of the unit and/or daily dosage regimen required, or that would otherwise satisfy the requirements of Applicable Laws and Regulations of the country in which such human clinical trial is conducted, such as 21 C.F.R. § 312.21(b), relating to human clinical trials conducted in the United States, or any successor regulation thereto or foreign equivalents.

1.78 "**Phase III Clinical Trial**" means a human clinical trial in any country that is conducted in accordance with GCPs and the results of which are intended to be used as a pivotal study to establish both safety and efficacy of a Product as a basis for a BLA submitted to the FDA, KFDA or the appropriate Regulatory Authority of such other country, or that would otherwise satisfy the requirements of 21 C.F.R. § 312.21(c), or any successor regulation thereto or foreign equivalents.

1.79 "**Phase IV Clinical Trial**" means a human clinical trial conducted after the Regulatory Approval of a Product, which trial is conducted (a) voluntarily to enhance scientific knowledge of such Product (e.g., for expansion of product labeling or dose optimization); or (b) conducted due to a request or requirement of a Regulatory Authority.

1.80 "**Personal Information Protection and Electronic Documents Act**" or "**PIPEDA**" or "**PIPED Act**" means the Canadian law relating to data privacy.

1.81 "**Product**" means a product that incorporates a pharmaceutical form of MGAH22 as an active ingredient.

1.82 "**Product Brand**" has the meaning set forth in Section 5.2.

1.83 "**Regulatory Approval**" means all approvals from the relevant Regulatory Authority to market and sell a Product in any country (including all applicable pricing and reimbursement approvals), including a BLA.

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1.84 "**Regulatory Authority**" means any applicable government regulatory authority involved in granting approvals for the conduct of clinical trials or the manufacturing, marketing, reimbursement or pricing, as applicable, of a Product, including in the United States the FDA and in South Korea the KFDA, and any successor governmental authority having substantially the same function.

1.85 "**Related Party**" means, with respect to a Party, its Affiliates and Sublicensees.

1.86 "**Requesting Party**" has the meaning set forth in Section 9.2.

1.87 "**Royalty Term**" means, with respect to sales of a Product in the Territory, the time period beginning on the First Commercial Sale of such Product in the Territory and expiring on the latest of the following dates:

(a) the twelfth (12^{th}) anniversary of the date of First Commercial Sale of the Product in the Territory;

(b) the expiration in the Territory of the last-to-expire MacroGenics Licensed Patent having a Valid Claim covering the use or sale of the Product in the Territory; or

(c) the expiration of any Data Exclusivity Period for the Product in the Territory.

1.88 "**Securities Act**" has the meaning set forth in Section 8.2(b).

1.89 "**Site Regulatory Package**" or "**SRP**" means a set of investigational site specific regulatory documents requiring review and approval by the JDC. The SRP typically consists of the following documents: Form FDA 1572, principal investigator curriculum vitae, signed protocol signature page, site-specific ICF/IAF (back-translated into English if the local language is other than English), privacy requirements (e.g., HIPAA, PIPEDA), IRB/IEC membership, and country-specific requirements.

1.90 "**Sublicensee**" means a Third Party that is granted a sublicense under the licenses granted to a Party under this Agreement, as permitted under this Agreement.

1.91 "**Successor**" has the meaning set forth in Section 1.10.

1.92 "**Term**" has the meaning set forth in Section 16.1.

1.93 "**Territory**" means South Korea.

1.94 "**Third Party**" means an entity other than (a) Green Cross and its Affiliates, and (b) MacroGenics and its Affiliates.

1.95 "**Third Party Royalties**" means royalties (other than Upstream Royalties) paid by Green Cross to a Third Party to acquire any Third Party rights which would be infringed by the Development, manufacturing, importation, or Commercialization of any Product in the Territory.

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1.96 "**Total Evaluable Patients**" means, on a worldwide basis, those patients who have completed protocol-defined procedures and can be assessed for the primary endpoint of the trial.

1.97 "**Trademark(s)**" means all trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications throughout the world.

1.98 "**Trademark Prosecution**" means the responsibility for (a) preparing, filing, and seeking registration of, trademark applications (of all types) for any Trademark, (b) for maintaining any Trademark, and (c) for managing any interference or opposition proceeding relating to the foregoing.

1.99 "**United States**" or "**US**" means the United States of America and its territories and possessions, including without limitation the Commonwealth of Puerto Rico and the U.S. Virgin Islands.

1.100 "**Upstream Agreements**" means the license agreements with MacroGenics' Third Party licensors listed in Exhibit E or otherwise identified in writing by MacroGenics to Green Cross as such.

1.101 "**Upstream Licensors**" means MacroGenics' Third Party licensors under the Upstream Agreements.

1.102 "**Upstream Royalties**" has the meaning set forth in Section 8.6.

1.103 "**Valid Claim**" means a claim of: (a) an issued and unexpired Patent included within the MacroGenics Licensed Patents in a country which has not been revoked or held unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and has not been abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise; or (b) *******

2. **GOVERNANCE**

2.1 **Joint Steering Committee**

(a) **Membership**. The Parties hereby establish a Joint Steering Committee, or JSC, to coordinate and oversee activities on which the Parties collaborate under this Agreement. The Parties agree that participation in the JSC and any subcommittee of the JSC is a right, rather than an obligation of each Party under this Agreement. The JSC shall consist of three (3) representatives from each Party. MacroGenics shall designate one (1) of its representatives as the initial chairperson of the JSC. Thereafter, the role of chairperson will alternate between MacroGenics and Green Cross representatives on a yearly basis. Each Party may replace its appointed JSC representatives at any time upon reasonable written notice to the other Party. The initial

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representatives and chair of the JSC are set forth in Exhibit F attached hereto. The chair shall have the responsibility to call meetings, circulate meeting agendas at least ten (10) days prior to each regular JSC meeting, draft minutes for each JSC meeting and circulate such minutes for both Parties' written approval. The chair shall have no other authority or special voting power.

(b) **Responsibilities**. The responsibilities of the JSC shall be:

(i) to provide a vehicle by which the Parties may share information regarding the overall strategy for the Collaboration;

(ii) to approve changes to the Phase I Clinical Development Plan and Phase II Clinical Development Plan;

(iii) to facilitate the exchange of information between the Parties with respect to the activities hereunder and to establish procedures for the efficient sharing of information necessary for the Parties to fulfill their respective responsibilities with respect the Collaboration;

(iv) to establish an overall regulatory strategy for Products in the Territory that is compatible with and complements the worldwide regulatory strategy being implemented by MacroGenics for the Products and to allocate the responsibility for regulatory activities between the Parties;

(v) to oversee the activities of subcommittees created under this Agreement, and to seek to resolve any issues that such subcommittees cannot resolve;

(vi) to perform such other functions as appropriate to further the purposes of this Agreement, as determined by the Parties; and

(vii) to establish such subcommittees in addition to the JDC, as are agreed upon in writing by the Parties.

(viii) to discuss any additional studies, including a Phase III Clinical Trial, in which Green Cross may desire to participate;

(c) **Decision-Making**. The JSC shall make decisions unanimously, with each Party's representatives collectively having one (1) vote and at least one (1) representative from each Party present.

(d) **Disputes**. In the event the JSC cannot reach an agreement regarding any matter within the JSC's authority for a period of ***, then the dispute shall be promptly submitted to the ***. If the dispute remains unresolved for *** after submission to such persons, then the ***; provided, however, that the *** shall have the ***; and provided further that the foregoing shall not be deemed to limit or otherwise alter any obligation of Green Cross or MacroGenics under this Agreement.

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(e) **JSC Meetings**. JSC meetings shall be held semi-annually, or on any other schedule agreed by the Parties. With the consent of the representatives of each Party serving on the JSC, other representatives of each Party may attend meetings as nonvoting observers (provided such non-voting observers have confidentiality obligations to such Party that are at least as stringent as those set forth in this Agreement). A JSC meeting may be held by audio, video or internet teleconference with the consent of each Party, but at least half (1/2) of the minimum number of meetings shall be held in person. Meetings of the JSC shall be effective only if at least one (1) representative of each Party is present or participating. Each Party shall be responsible for all of its own expenses of participating in the JSC meetings. The Parties will alternate hosting the in-person meeting, and the Party hosting is responsible for preparing and circulating the minutes of the JSC meetings.

(f) **Duration of JSC**. The JSC shall continue to exist until the first to occur of (a) the Parties mutually agreeing to disband the JSC or (b) termination of this Agreement.

(g) **Limitations**. The JSC shall have no authority other than that expressly set forth in this Section 2.1 and, specifically, shall have no authority (a) to amend or interpret this Agreement, or (b) to determine whether or not a breach of this Agreement has occurred.

2.2 **Joint Development Committee**

(a) **Membership.** Within thirty (30) days after the Effective Date, the Parties shall establish a Joint Development Committee, or JDC, as a subcommittee of the JSC, to coordinate the Development of Products as set forth in Section 2.2(b). The JDC shall consist of three (3) representatives from each Party. Each Party may replace its appointed JDC representatives at any time upon reasonable written notice to the other Party. The Parties shall alternate in designating a representative on the JDC as the chair of the JDC on an annual basis, with MacroGenics designating the first chair. The chair shall have the responsibility to call meetings, circulate meeting agendas at least ten (10) days prior to each regular JDC meeting, draft minutes for each JDC meeting and circulate such minutes for both Parties' written approval. The chair shall have no other special authority or voting power.

(b) **Responsibilities.** The responsibilities of the JDC shall be:

(i) to share and discuss the Parties' performance under the Phase I Clinical Development Plan and Phase II Clinical Development Plan, on a quarterly basis;

(ii) to share and discuss the data generated by or on behalf of the Parties in the course of performance towards the goals set forth in the Phase I Clinical Development Plan and Phase II Clinical Development Plan;

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(iii) to coordinate Development strategies, allocate resources and set timelines, in each case to facilitate the activities under the Phase I Clinical Development Plan and Phase II Clinical Development Plan;

(iv) to review and approve proposed clinical trial sites;

(v) to facilitate the exchange of information between the Parties with respect to the activities under the Phase I Clinical Development Plan and Phase II Clinical Development Plan; and

(vi) to perform such other functions as appropriate to further the purposes of this Agreement, as determined by the Parties.

(c) **Decision Making**. The JDC shall make decisions unanimously, with each Party's representatives collectively having one (1) vote and at least one (1) representative from each Party present.

(d) **Disputes**. In the event the JDC cannot reach an agreement regarding any matter within the JDC's authority for a period of *******, then at the option of either Party the matter shall be referred to the JSC for resolution pursuant to Section 2.1(c) and 2.1(d) above.

(e) **JDC Meetings**. JDC meetings shall be held quarterly, or on any other schedule agreed by the Parties. With the consent of the representatives of each Party serving on the JDC, other representatives of each Party may attend meetings as nonvoting observers (provided such non-voting observers have confidentiality obligations to such Party that are at least as stringent as those set forth in this Agreement). A JDC meeting may be held by audio, video or internet teleconference with the consent of each Party, but at least half (1/2) of the minimum number of meetings shall be held in person. Meetings of the JDC shall be effective only if at least one (1) representative of each Party is present or participating. Each Party shall be responsible for all of its own expenses for participating in the JDC meetings. The Parties will alternate hosting the in-person meeting, and the Party hosting is responsible for preparing and circulating the minutes of the JDC meetings.

(f) **Duration of JDC**. The JDC shall continue to exist until the first to occur of (a) the Parties mutually agreeing to disband the JDC or (b) termination of this Agreement.

(g) **Limitations**. The JDC shall have no authority other than that expressly set forth in this Section 2.2 and, specifically, shall have no authority (a) to amend or interpret this Agreement, or (b) to determine whether or not a breach of this Agreement has occurred.

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3. **DEVELOPMENT**

3.1 **Overview**. The Parties shall use Commercially Reasonable Efforts to Develop Products in the Territory in accordance with the Phase I Clinical Development Plan and Phase II Clinical Development Plan, as set forth below, with the goal of achieving regulatory approval for the marketing of Products.

(a) **MacroGenics Responsibilities**. MacroGenics shall perform those activities for which it is identified as the responsible party in the Phase I Clinical Development Plan (unless such responsibility is transferred to Green Cross or a Third Party by MacroGenics), including, without limitation, *******, as appropriate, *******.

(b) **Green Cross Responsibilities**

(i) Green Cross shall perform those activities for which it is identified as the responsible party in the Phase I Clinical Development Plan (and such other activities for which responsibility is transferred to Green Cross), and shall conduct all activities described in the Phase II Clinical Development Plan. Without limiting the foregoing, in the Territory:

(ii) Green Cross shall (A) support clinical trial site and CRO-related activities *******, (B) *******; (C) support clinical trial site and CRO-related activities for the *******, under a CTA filed by Green Cross in the Territory, and (D) support other additional Development activities responsive to unique regulatory or commercial requirements in Territory; and

(iii) Green Cross' responsibilities shall include the submission of all CTAs; interaction with the KFDA; *******; provided, however, that with respect to the provision of data, information and materials, such obligation to assist shall require Green Cross to use Commercially Reasonable Efforts, and shall not require Green Cross to generate any data not within its possession.

(c) **Joint and Additional Responsibilities**. For activities specified in the Phase I Clinical Development Plan for which both Parties are identified as the responsible Party, the Parties' respective obligations shall be as determined by the JSC. If it is determined that the performance of activities not identified in the Phase I Development Plan are required for Completion of the Phase I Clinical Trial, then the responsibility for such activities shall be determined by the JSC.

3.2 **Development Plans**

(a) **Clinical Development Plans**. The JDC shall review the progress of the conduct of the Phase I Clinical Development Plan and Phase II Clinical Development Plan at each meeting of the JDC.

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(b) **Review of the Clinical Development Plans**. On no less than an annual basis, the JDC shall review the Phase I Clinical Development Plan and Phase II Clinical Development Plan, as appropriate, and recommend any amendment, and any changes to such plans shall be subject to the approval by the JDC and, subsequently, by the JSC.

3.3 **Conduct of Development**

(a) **General Obligation**. Each Party shall use Commercially Reasonable Efforts to conduct the Development activities for which it is responsible, as described in the Phase I Clinical Development Plan and Phase II Clinical Development Plan, in compliance with: (a) the terms and conditions of this Agreement; (b) the Phase I Clinical Development Plan and Phase II Clinical Development Plan, as updated from time to time; (c) all applicable GLP, GCP and applicable cGMP requirements, including, without limitation those specified by the ICH; and (d) all Applicable Laws and Regulations.

(b) **Green Cross Diligence**. Without limiting Section 3.3(a):

(i) Green Cross shall *******; provided, however, that if all necessary documents required for Regulatory Approval of such Commencement in the Territory, if any, are not received within a reasonable period prior to such date, other than as a result of Green Cross' acts or omissions, then such period shall be equitably extended to account for such delay for a period mutually agreed upon in writing by the Parties;

(ii) Green Cross shall *******; and

(iii) Green Cross shall use *******; provided, however, that if all necessary documents required for Regulatory Approval of such Completion or filing in the Territory, if any, are not received within a reasonable period prior to such date, other than as a result of Green Cross' acts or omissions, then such period shall be equitably extended to account for such delay for a period mutually agreed upon in writing by the Parties.

(c) **Green Cross Rights**. Green Cross shall have the option to participate in any additional studies, including a Phase III Clinical Trial, with respect MGAH22 to the extent that such studies are required by a Regulatory Authority in the Territory.

3.4 **Development Costs**

(a) **Phase I Clinical Development Plan.** Green Cross shall be responsible for all Development Costs incurred by Green Cross in connection with the conduct of the Phase I Clinical Development Plan, including, without limitation, Third Party costs for CRO-related activities for the Phase I Clinical Trial in the Territory.

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MacroGenics shall be responsible for all Development Costs incurred by MacroGenics in connection with the conduct of the Phase I Clinical Development Plan, including without limitation, Third Party costs for CRO-related activities for the Phase I Clinical Trial outside of the Territory, except as follows:

(i) Clinical Materials. MacroGenics shall be responsible for the cost of the supply of all Clinical Materials for the initial Phase I Clinical Trial;

(ii) Labor Costs. Each Party shall be responsible for its direct labor costs (e.g., salaries, wages, employee benefits, overtime costs, and shirt premiums) for the conduct of its obligations under the Phase I Clinical Development Plan;

(iii) *** MacroGenics will invoice Green Cross at the end of the applicable Calendar Quarter for the amounts due hereunder, and all such amounts shall be paid to MacroGenics by Green Cross in US Dollars not later than sixty (60) days following the receipt of the applicable invoice.

(iv) Data Management Costs. Each Calendar Quarter, Green Cross shall reimburse MacroGenics for *** of the costs incurred by MacroGenics in connection with the management of Clinical Data from the Phase I Clinical Trials during such Calendar Quarter. MacroGenics will invoice Green Cross at the end of the applicable Calendar Quarter for the amounts due hereunder, and all such amounts shall be paid to MacroGenics by Green Cross in US Dollars not later than *** following the receipt of the applicable invoice.

(v) Insurance Costs. Each Calendar Quarter, Green Cross shall reimburse MacroGenics for all costs incurred by MacroGenics in connection with all insurance policies required for the conduct of the Phase I Clinical Trials in the Territory during such Calendar Quarter. MacroGenics will invoice Green Cross at the end of the applicable Calendar Quarter for the amounts due hereunder, and all such amounts shall be paid to MacroGenics by Green Cross in US Dollars not later than *** following the receipt of the applicable invoice. MacroGenics shall include Green Cross as a named insured on each such policy acquired by MacroGenics.

(vi) Limitation on Reimbursement of ***. Notwithstanding anything to contrary set forth in Section 3.4(a)(iv) or 3.4(a)(v), in no event shall Green Cross be obligated to reimburse MacroGenics for any costs in connection with the ***

(b) **Phase II Clinical Development Plan**. Green Cross shall be responsible for all Development Costs incurred in the Territory by either Party under the Phase II Clinical Development Plan, except for the cost of the supply of Clinical Materials, which shall be the responsibility of MacroGenics.

3.5 **Subcontractors.** MacroGenics shall have the right to engage Third Party contractors to perform any portion of its obligations under this Agreement (provided that

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MacroGenics shall use Commercially Reasonable Efforts to require such Third Party contractors to cooperate with Green Cross, so as to permit Green Cross to comply with any of its development or commercial diligence obligations, and its reporting and payment obligations under any of the Upstream Agreements insofar as they relate to MGAH22 or any Product), and Green Cross shall have the right to engage a CRO in the Territory to support the conduct of the Phase I Clinical Trial ******* (each such subcontractor, a "**Permitted Subcontractor**"). Any such Permitted Subcontractor used in the provision of services shall be required to agree in writing to be bound by terms regarding maintaining the confidentiality of proprietary information that are no less stringent than those contained in this Agreement and regarding ownership of intellectual property that are consistent with those contained in this Agreement. Either Party's use of Permitted Subcontractors shall not relieve such Party of any of its obligations pursuant to this Agreement.

3.6 **Clinical Trial Data**. Except to the extent prohibited by any Applicable Law or Regulation, each Party shall provide all Clinical Data to the other on a schedule reasonably requested by the other.

3.7 **Information and Cooperation**. In addition to the obligations under Section 3.6, each Party shall use Commercially Reasonable Efforts to keep the other Party informed of its research, Development and Commercialization (including promotional) activities hereunder, and shall provide to the other Party, as appropriate, regular summary updates. If reasonably necessary for a Party to perform its work under this Agreement or to exercise its rights under this Agreement, that Party may request that the other Party provide more detailed information and data regarding the updates it earlier provided, and the other Party shall promptly provide the requesting Party with information and data as is reasonably available and reasonably related to the work under this Agreement. Neither Party is required to generate additional data or prepare additional reports to comply with the foregoing obligation. All such reports, information and data provided shall be subject to Section 12.1. Prior to commencing the manufacture of Products or conduct of studies for the Product outside of the scope of this Agreement in the Territory, MacroGenics shall notify Green Cross of any such activity and consult with Green Cross with respect thereto; provided, however, that MacroGenics shall not undertake any such activity if and to the extent such activity would have a material adverse affect on Green Cross.

4. **ADJUSTMENT OF PHASE II CLINICAL DEVELOPMENT PLAN**. If the Parties agree to add additional patients or Indications to the Phase II Clinical Development Plan, or replace the Indication specified therein as of the Effective Date with a new Indication, then the Parties shall negotiate in good faith to agree upon the terms applicable to such expansion or change.

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5. **COMMERCIALIZATION**

5.1 **Overview.** Green Cross shall have full responsibility and authority for all aspects of the Commercialization of Products in the Territory at its sole expense, including, without limitation, developing and executing a plan for commercial launch, obtaining all required approvals from Regulatory Authorities for Commercialization (including, without limitation, reimbursement activities), marketing and promotion, booking sales and distribution and performance of related services, providing customer support, including handling medical queries, and performing other related functions. Green Cross shall use Commercially Reasonable Efforts to Commercialize the Products. Green Cross shall update MacroGenics regarding its Commercialization activities at regular meetings of the JSC as contemplated by Section 2.1.(e). As between Green Cross and MacroGenics, *******. Green Cross shall bear all of the costs and expenses incurred in connection with all such Commercialization activities in the Territory. Green Cross shall timely notify MacroGenics as to the occurrence of the First Commercial Sale in the Territory.

5.2 **Product Labeling; Promotional Materials.** Green Cross shall Commercialize the Products in the Territory under the worldwide brand specified by MacroGenics ("**Product Brand**"), except to the extent such branding is not permitted by any applicable Regulatory Authority, or deemed culturally inappropriate, in the Territory, in which case MacroGenics shall specify an alternate Product Brand. Except for the depiction of trademarks, logos and other symbols that are intended to identify MacroGenics' as a company or the manufacturer or owner of a Product, Green Cross shall be responsible for designing and supplying the printable artworks of product labeling in electronic version and promotional materials for the Products for the Territory. Green Cross shall be responsible for how and the manner in which Products shall be presented and described in the Territory to the medical community in any promotional materials for a Product intended to be disseminated in the Territory, and the placement of the name and logos of Green Cross therein, in each case as permitted by applicable law and consistent with the Product Brand and labeling for the Products approved by the applicable Regulatory Authority.

5.3 **Sales and Distribution**

(a) **Orders and Sales**. Green Cross shall be solely responsible for handling all returns, order processing, invoicing and collection, distribution, and inventory and receivables for the Products throughout the Territory. Green Cross shall have the right and sole responsibility for establishing and modifying the terms and conditions with respect to the sale of the Products in the Territory, including any terms and conditions relating to or affecting the price at which the Products shall be sold, discounts available to any Third Party payers (including, without limitation, managed care providers, indemnity plans, unions, self insured entities, and government payer, insurance or contracting programs), any discount attributable to payments on receivables, distribution of the Products, and credits, price adjustments, or other discounts and allowances to be granted or refused; provided, however, that Green Cross shall act in good faith when doing the foregoing.

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(b) **Pricing**. Green Cross shall have the sole right to determine all pricing of the Products in the Territory. Notwithstanding anything in this Agreement express or implied to the contrary, MacroGenics shall not have any right to direct, control, or approve Green Cross' pricing of Products for the Territory. The provision to MacroGenics of any pricing data is for informational purposes only. Green Cross shall be responsible for preparing and implementing the reimbursement strategy for the Products in the Territory. However, except to the extent prohibited by Applicable Laws and Regulations, MacroGenics shall use Commercially Reasonable Efforts to provide all the necessary data so that Green Cross can file for the medical reimbursement price in the Territory; provided, however, that MacroGenics shall not be obligated to generate any data not within its possession.

5.4 **Compliance**. Each Party shall comply with the terms of this Agreement and all Applicable Laws and Regulations relating to activities performed or to be performed by such Party (or its Affiliates, contractor(s) or Sublicensee(s)) under or in relation to the Commercialization of the Products pursuant to this Agreement.

5.5 **Commercialization Diligence**

(a) **Prior to Submission of First BLA**. For each Product under Development, prior to the submission of the first BLA to the first Regulatory Authority in the Territory, Green Cross shall submit to the JSC a written summary plan for the Commercialization for each such Product under Development. Thereafter, Green Cross shall regularly report on its Commercialization activities at meetings of the JSC or, if formed, the Joint Commercialization Committee. Such reports shall cover subject matter at a level of detail similar to that which Green Cross affords to its senior executives with respect to similar Green Cross products. All such plans and information shall be presented for discussion purposes, and Green Cross agrees to consider in good faith any comments or suggestions MacroGenics may make with respect to Commercialization of Products.

(b) **Launch.** Green Cross shall launch each Product in the Territory ***, provided that MacroGenics has supplied Product ordered by Green Cross in accordance with Section 6.2(c) for such launch within a reasonable period prior to the planned launch date.

(c) **Following Regulatory Approval**. Green Cross shall use Commercially Reasonable Efforts to Commercialize each Product in the Territory after obtaining Regulatory Approval for such Product.

5.6 **Upstream Agreements.** Green Cross agrees to provide to MacroGenics such information as it reasonably requires, or otherwise cooperate with MacroGenics, so as to permit MacroGenics to comply with any of its development or commercial diligence obligations, and reporting and payment obligations under any of the Upstream Agreements insofar as they relate to MGAH22 or any Product.

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6. **MANUFACTURE AND SUPPLY**

6.1 **Clinical Supply of Products**. MacroGenics shall be responsible for the manufacture of all Product required for the clinical trials described in the Phase I Clinical Development Plan, Phase II Clinical Development Plan and, if any, additional development plans, including any plan for a Phase III Clinical Trial, agreed upon in writing by the Parties for additional studies under this Agreement, either by itself or through one or more Third Parties, including all costs of such manufacture, as set forth in Section 3.4.

6.2 **Commercial Supply of Products**

(a) **Responsibility**. MacroGenics shall be responsible for the manufacture of all commercial supplies of Product required by Green Cross for the Commercialization of Products in the Territory, in accordance with this Section 6.2, except as the Parties may otherwise agree pursuant to Section 6.4.

(b) **Forecasts**. For so long as MacroGenics is providing Product, Green Cross, through the JDC, shall furnish to MacroGenics ******* forecast of probable quarterly orders for supplies of Product, to be updated quarterly based on Green Cross' good faith estimate of its need for Product.

(c) **Orders**. Green Cross agrees to buy, and MacroGenics agrees to sell, such quantities of Product as may be set forth on purchase orders placed by Green Cross in accordance with the provisions of this Section 6.2. The Parties shall mutually agree upon an appropriate purchase agreement. Any purchase orders for Product will reference this Agreement and will be consistent with the terms contained herein. Each purchase order shall set forth a delivery date for the quantities of Product ordered, which date will in no event be less than ******* from the date of the purchase order. MacroGenics will use Commercially Reasonable Efforts to deliver each order on or before the applicable deliver date. If a purchase order cannot be fulfilled or delivered as requested by Green Cross, then MacroGenics shall immediately inform Green Cross of such fact. If MacroGenics is unable to manufacture sufficient quantities of Products to deliver to Green Cross hereunder, then MacroGenics shall allocate any shortages among its customers, including, without limitation, Green Cross, on a pro-rata basis based on the comparative order volumes of all customers at the time of such shortage. MacroGenics shall use Commercially Reasonable Efforts to promptly resume production of Commercial Supply.

(d) **Price; Payment**. The price of Product ordered by Green Cross under this Section 6.2 will be equal to ******* of MacroGenics' Fully Burdened Manufacturing Costs for such material. All payments due hereunder to MacroGenics shall be paid to MacroGenics in US Dollars not later than ******* following the receipt of the applicable invoice.

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6.3 **Delivery**. Unless otherwise agreed by the parties in writing, all shipments will be shipped F.O.B. MacroGenics' or its contract manufacturer's facility.

6.4 **Technology Transfer**. If Green Cross requests, the Parties shall enter into good faith discussions regarding the possibility of a transfer to Green Cross of technology that is sufficient to enable Green Cross to manufacture commercial supplies of Product in accordance with the Applicable Laws and Regulations of the Territory, provided that nothing herein shall be deemed to obligate MacroGenics to enter into any agreement to transfer to Green Cross any such technology.

6.5 **Manufacturing Specifications**. All Clinical Materials and commercial supplies of Product shall be manufactured in accordance with the specifications determined by MacroGenics and all Applicable Laws and Regulations.

6.6 **Change of Manufacturing Process**. MacroGenics shall reasonably inform Green Cross of developments in matters of process development and manufacturing of Products, and shall consult with Green Cross with respect to the development and manufacturing processes of Products adopted by MacroGenics to the extent necessary to obtain Regulatory Approval(s) of the same in the Territory. Green Cross shall promptly notify MacroGenics of any information that will impact approvability of Products in the Territory.

7. **REGULATORY**

7.1 **Overview.** The JSC shall establish an overall regulatory strategy for obtaining Regulatory Approval of the Product in the Territory, and shall allocate regulatory responsibilities between the Parties in a manner consistent with the provisions contained herein. Green Cross shall participate in regulatory matters as determined by the JSC, including CMC and other manufacturing-related matters, nonclinical matters, and clinical matters. In addition, Green Cross will have access to adverse event and other safety related data.

7.2 **Regulatory Filings for Phase I Clinical Trial**. MacroGenics shall hold the INDs in the Territory and be responsible for the filing of the INDs and all additional regulatory documents for the initial Phase I Clinical Trial with Regulatory Authorities in the Territory (such as INDs, and IND amendments), including, without limitation, all associated submissions (e.g., safety reports, protocol submissions, CMC updates), for responding to inquiries and correspondences from the Regulatory Authorities, and the submission of all required reports for the Phase I Clinical Trial until the Completion of the Phase I Clinical Trial. MacroGenics shall continue to hold INDs filed as of the Effective Date. MacroGenics will transfer its responsibilities for preparing the Korean IND and IND amendments to Green Cross, but Green Cross shall provide *******, Green

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Cross may submit such filing, submission or response to the KFDA at the same time as Green Cross submits the same to MacroGenics; provided that Green Cross uses Commercially Reasonable Efforts to obtain additional time. MacroGenics will transfer its responsibilities for interacting with the KFDA to Green Cross, but Green Cross shall attempt to include MacroGenics on any face-to-face meetings or teleconferences, if deemed necessary by Green Cross, and shall not commit to making any revisions to the Phase I Clinical Trial unless for an immediate safety issues, without prior agreement with MacroGenics. Green Cross shall allow MacroGenics to review any written correspondence to the KFDA before it is sent to the KFDA.

7.3 **Regulatory Filings Following Phase I Clinical Trial**. Except as set forth in Section 7.2, Green Cross shall be responsible for the filing of all regulatory documents for MGAH22 and all Products with Regulatory Authorities in the Territory (such as INDs, NDAs and amended INDs and NDAs), including without limitation all associated submissions (e.g., safety alerts, protocol submissions), for responding to inquiries and correspondence from the Regulatory Authorities responsible for regulatory matters in the Territory, and the monitoring of all clinical experiences and submission of all required reports throughout clinical Development and Commercialization, in each case in compliance with all laws and regulations. MacroGenics shall be responsible for providing to Green Cross any revisions to the investigator's brochure and CMC information required for KFDA submissions. Green Cross may request MacroGenics to participate in meetings with the KFDA if it is foreseeable that there may be discussions about the Product beyond the scope of Green Cross' development of the Product in the Territory (e.g., CMC matters, data from clinical trials MacroGenics conducted). Each Party shall provide information to the other Party as necessary and reasonably consult with the other Party regarding any filings, and regarding significant or material notices, actions or requests from or by Regulatory Authorities. Each Party shall, at the other Party's request, review and comment on filings, submissions, and responses to Regulatory Authorities related to any Product. Green Cross shall hold and maintain all Regulatory Approvals for the Commercialization of the Product in the Territory, as set forth in Section 10.1(c).

7.4 **Records of Correspondence with KFDA**. Following each communication (whether by phone or in person) with the KFDA regarding matters arising under this Agreement, Green Cross shall prepare a record of such meeting in accordance with its standard business practices (e.g., written minutes) and provide to MacroGenics a copy of such record.

7.5 **Safety Data Exchange Agreement**. The Parties shall conduct in good faith and agree upon a safety data exchange agreement, the agreement setting forth the safety information required to be shared by each Party and the schedule for the sharing of such safety information and other appropriate procedures and matters, as detailed in Exhibit G.

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8. **PAYMENTS**

8.1 **Upfront Payment**. Within thirty (30) days after the Effective Date, Green Cross shall pay to MacroGenics One Million Dollars ($1,000,000), which shall be non-refundable and non-creditable against any other payments due under this Agreement.

8.2 **Purchase of MacroGenics Stock Upon Initial Public Offering**

(a) If during the first three (3) years of the Term there is an Initial Public Offering which raises a *******, and if the underwriter(s) in such Initial Public Offering permit it, Green Cross is obligated to purchase a number of shares of the same class of capital stock, simultaneously with the closing(s) of, and at the same purchase price as the shares sold in, the Initial Public Offering that is equal to the number of shares that could be purchased for *******.

(b) Green Cross acknowledges that any securities purchased in accordance with Section 8.2(a) shall not be registered under the Securities Act of 1933, as amended ("**Securities Act**"), and may not be sold, assigned, pledged, hypothecated, encumbered or an any other manner transferred or disposed of in the absence of an effective registration statement or an exemption from registration under the Securities Act. In connection with any Initial Public Offering, Green Cross agrees to enter into a lock-up agreement with the underwriter(s) if the managing underwriter(s) demands or requests such an agreement; provided, however, that such provisions will not be less favorable to Green Cross than the provisions of any lock-up agreements entered into by the managing underwriter(s) with other holders of securities issued by MacroGenics.

8.3 **Clinical Development Milestone Payments**. Green Cross shall pay to MacroGenics the milestone payments listed below, which shall be non-refundable, and non-creditable (unless otherwise stipulated under this Agreement). Any such milestone payments are subject to any credits, offsets and waivers specified by this Agreement.

(a) For the Commencement of the first Phase II Clinical Trial: *******; provided, however, that this milestone payment shall not be payable to MacroGenics if *******

(b) For the Commencement of the first Phase III Clinical Trial: *******; provided, however, that this milestone payment shall not be payable to MacroGenics ******* If all necessary documents required for Regulatory Approval of Completion of the Phase II Clinical Trial by Green Cross, if any, are not received within a reasonable period prior to the agreed upon projected Completion date, other than as a result of Green Cross' acts or omissions, then such ******* period shall be equitably extended to account for such delay for a period mutually agreed upon in writing by the Parties.

(c) Approval of BLA for first Indication for a Product by KFDA in the Territory: *******

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8.4 **Commercial Milestone Payments**. Green Cross shall pay to MacroGenics the Net Sales milestone payments set forth below, which shall be due and payable within *** after the end of the first Calendar Year during which such milestone is triggered.

(a) First occurrence of aggregate Net Sales for a period of *** of all Products in the Territory *** ***.

(b) First occurrence of aggregate Net Sales for a period of *** of all Products in the Territory exceeding ***

8.5 **Product Royalties**.

(a) Green Cross shall pay to MacroGenics a royalty at the rate determined in accordance with the royalty chart included in Exhibit H attached hereto on Net Sales of Products for the Royalty Term.

(b) Green Cross shall pay to MacroGenics a royalty of *** on Net Sales of Competing Products for the Royalty Term.

8.6 **Upstream License Royalties**. In addition to the other royalty payments set forth in this Section 8, Green Cross shall reimburse MacroGenics for royalty payments payable by MacroGenics as a result of the Collaboration pursuant to: (a) the Upstream Agreements identified on Exhibit E as of the Effective Date and (b) any additional Upstream Agreements identified by MacroGenics after the Effective Date that include a license to any patent(s) that has any claim(s) that would otherwise prevent MacroGenics from fulfilling its obligations under this Agreement or from supplying MGAH22 or any Product in the Territory (the "**Upstream Royalties**"). Green Cross' obligation under this Section 8.6 with respect to the payment of Upstream Royalties under an Upstream Agreement shall terminate upon termination of MacroGenics' obligation to pay royalties under the terms of such Upstream Agreement.

8.7 **Third Party Agreements**. Green Cross (or its Affiliate or Sublicensee) shall be responsible, at its sole expense and discretion, for obtaining any agreements with Third Parties (other than the Upstream Agreements) for any Third Party rights which would be infringed by the Development, manufacturing, importation, or Commercialization of any Product in the Territory.

8.8 **Payment of Milestones**. All milestone payments shall be due and payable within *** after the event for which the payment is due.

8.9 **Reports; Payments**

(a) **Net Sales Quarterly Reports**. During the Term, following the First Commercial Sale of a Product in the Territory, Green Cross shall furnish to MacroGenics:

(i) a quarterly written report for the Calendar Quarter showing the Net Sales of all Products (and Competing Products) subject to royalty payments sold by Green Cross and its Related Parties in the Territory during the reporting period and the royalties payable under this Agreement; and

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(ii) a quarterly report for the Calendar Quarter showing Green Cross' Commercial Supply Costs, Third Party Royalties and Upstream Royalties for such Calendar Quarter, with such detail as shall reasonably allow MacroGenics to determine the basis for such quarterly costs.

(b) **Submission and Payment Schedule**

(i) Reports. Reports under this Section 8.9 shall be due on the ninetieth (90^{th}) day following the close of each Calendar Quarter.

(ii) Royalties. Royalties shown to have accrued by each report shall, unless otherwise specified under this Agreement, be due and payable on the date such report is due.

8.10 **Payment Exchange Rate**. All payments to be made by Green Cross to MacroGenics under this Agreement shall be made in United States dollars by bank wire transfer in immediately available funds to a bank account in the United States designated in writing by MacroGenics. For invoices that Green Cross shall forward to MacroGenics, Green Cross shall use an exchange rate equal to the Telegraphic Transfer (T/T) selling rate as published by Korean Exchange Bank as of the close of business on the last business day of the preceding month.

8.11 **Tax Withholding**. If laws, rules or regulations require Green Cross to withhold income taxes or other taxes imposed upon payments set forth in this Section 8, Green Cross shall make such withholding payments as required and subtract such withholding payments from the payments set forth in this Section 8. Green Cross shall submit original receipts or other appropriate proof of payment of the withholding taxes to MacroGenics within a reasonable period of time to allow MacroGenics to document such tax withholdings for purposes of claiming foreign tax credits and similar benefits, and shall cooperate with reasonable requests of MacroGenics (without acting to the detriment of Green Cross) related to MacroGenics obtaining such credits and benefits.

9. **Record Keeping and Inspections and Audits**

9.1 **Records**

(a) **Collaboration Activities.** Each Party shall maintain appropriate records of: (i) all significant research, Development, manufacturing and Commercialization events and activities conducted by it or on its behalf related to a Product, and all costs in connection therewith, as applicable; and (ii) all significant information generated by it or on its behalf in connection with research and development

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of MGAH22 and Products under this Agreement, in each case in accordance with such Party's usual documentation and record retention practices. Such records shall be in sufficient detail to properly reflect, in good scientific manner, all significant work done and results of studies and trials undertaken, and further shall be at a level of detail appropriate for patent and regulatory purposes.

(b) **Green Cross Royalties**. Green Cross shall keep complete and accurate records in sufficient detail to enable the royalties payable under Section 8 and its Commercial Supply Costs, Third Party Royalties and Upstream Royalties to be determined.

(c) **MacroGenics' Royalties**. MacroGenics shall keep complete and accurate records of royalty payments due under the Upstream Agreements in sufficient detail to enable the Upstream Royalties payable by Green Cross under Section 8.6 to be determined. At the request of Green Cross, MacroGenics shall make such records available to Green Cross.

(d) **MacroGenics' FBMC**. MacroGenics shall keep complete and accurate records with such detail as shall reasonably allow Green Cross to determine the basis for such FBMC. At the request of Green Cross, MacroGenics shall make such records available to Green Cross.

9.2 **Audit Rights**. Upon the written request of a Party ("**Requesting Party**") with reasonable advance notice and not more than once in each Calendar Year, the other Party shall permit an independent certified public accounting firm of nationally recognized standing selected by Requesting Party and reasonably acceptable to the other Party, at its own expense, to have access during normal business hours to such of the records as may be reasonably necessary to verify the accuracy of the reports under Section 8 for any Calendar Year ending not more than thirty-six (36) months prior to the date of such request. The accounting firm shall disclose to the Requesting Party only whether the reports are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to Requesting Party in connection with this audit right. This right to audit shall remain in effect throughout the life of this Agreement and for a period of three (3) years after the termination of this Agreement.

9.3 **Discrepancies**. If such accounting firm identifies a discrepancy, the other Party shall pay Requesting Party the amount of the discrepancy within thirty (30) days of the date Requesting Party delivers to the other Party such accounting firm's written report so concluding, or as otherwise agreed upon by the Parties. The fees charged by such accounting firm shall be paid by Requesting Party unless the underpayment by the other Party exceeded five percent (5%) of the amount owed for such Calendar Year, in which case the other Party shall pay to Requesting Party the reasonable fees charged by such accounting firm.

9.4 **Confidentiality**. Each Party shall treat all information of the other Party subject to review under this Section 9 in accordance with the confidentiality and non-use

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provisions of this Agreement, and shall cause its accounting firm to enter into an acceptable confidentiality agreement with the audited Party and any applicable Related Parties, obligating it or them to retain all such information in confidence pursuant to such confidentiality agreement.

10. **LICENSES**

10.1 **License to Green Cross**

(a) **License**. Subject to the terms and conditions of this Agreement, MacroGenics hereby grants to Green Cross an exclusive, royalty-bearing (i) license, with the right to grant sublicenses (subject to Section 10.1(b)), under the MacroGenics Licensed Technology and the MacroGenics Licensed Trademarks; and (ii) to the extent needed under this Section 10.1(a), sublicense under the MacroGenics Licensed Technology licensed pursuant to the Upstream Agreements, in the case of each of (i) and (ii), to conduct the Phase I Clinical Development Plan and Phase II Clinical Development Plan, and to distribute, sell, offer for sale and import Products in the Field in the Territory during the Term.

(b) **Sublicensees**. Green Cross may grant sublicensees solely for purposes of performing its Development obligations under this Agreement. In no event shall Green Cross grant any sublicense to any of the rights granted to it pursuant to Section 10.1(a) for any other purpose without MacroGenics' prior written consent. Each sublicense granted by Green Cross shall be consistent with this Agreement and subordinate thereto, and Green Cross shall remain responsible to MacroGenics for the compliance of each such Sublicensee with the financial and other obligations due under this Agreement. Green Cross shall provide a copy of each such sublicense to MacroGenics so that MacroGenics can confirm Green Cross' compliance with the foregoing. Each sublicense granted by Green Cross under this Agreement shall permit the conversion of such sublicense to a direct license with MacroGenics at MacroGenics' sole option in the event this Agreement is terminated and, upon such conversion, MacroGenics shall be responsible for all former obligations of Green Cross under such sublicense. Green Cross shall use Commercially Reasonable Efforts to include in each such sublicense a requirement obligating such sublicensees to cooperate with MacroGenics.

(c) **Regulatory Approvals**. Green Cross shall hold and maintain all Regulatory Approvals for the Commercialization of the Product in the Territory.

(d) **MacroGenics Retained Rights**. MacroGenics shall retain the following: (i) the right to conduct its obligations under the Phase I Clinical Development Plan and Phase II Clinical Development Plan in the Territory, including, without limitation, data management, monitoring, regulatory compliance and support and shipping requirements and all other requirements in connection with this Agreement; (ii) the right to manufacture or have manufactured MGAH22 and Products for uses pursuant to this Agreement as provided in Section 6 in the Territory; and (iii) all rights not otherwise granted to Green Cross inside and outside the Territory.

(e) **Opportunity *****. In the event that during the period between the *******, MacroGenics wishes to *******, MacroGenics shall provide Green Cross *******

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10.2 **Upstream Agreements**. Certain MacroGenics Licensed Know-how and MacroGenics Licensed Patents sublicensed under Section 10.1(a) above and identified on Exhibit A are licensed (or sublicensed, in some instances) to MacroGenics by certain Third Parties pursuant to the Upstream Agreements. Green Cross acknowledges and agrees that its sublicense to and any warranties and/or representations made by MacroGenics under this Agreement regarding such MacroGenics Licensed Technology granted under Section 10.1(a) are at all times subject to the applicable terms of the Upstream Agreements, current copies of which, for those in effect as of the Effective Date, have been provided to Green Cross as of the Effective Date, including restrictions on the type and nature of the antibodies licensed as Products thereunder, diligence requirements, and termination provisions thereof, and that MacroGenics is in no way licensing or purporting to license or sublicense to Green Cross rights under the Upstream Agreements that if sublicensed to Green Cross would be a violation of any Upstream Agreement. Green Cross covenants not to take or fail to take any action that violates the terms of such Upstream Agreements applicable to Sublicensees, or that would cause MacroGenics to be in breach of any of the terms of the Upstream Agreements.

10.3 **License to MacroGenics**. Green Cross hereby grants to MacroGenics a royalty-free, worldwide license during the Term, with the right to grant sublicenses, under the Green Cross Licensed Patents and Green Cross Know-how that is incorporated into any Product, and all other intellectual property Controlled by Green Cross that is specifically related to MGAH22 to the extent needed by MacroGenics to research, identify, develop, make, have made, use, sell, offer for sale and import Products, including, without limitation, as contemplated by Section 10.1(c) above, in all cases without any obligation to obtain Green Cross' prior consent. The license granted pursuant to this Section 10.3 shall be non-exclusive in the Territory and exclusive in the rest of the world outside the Territory. After the Term, the Parties shall discuss in good faith whether future licenses are necessary for MacroGenics to continue to use Green Cross Licensed Patents or Green Cross Licensed Know-how, and determine reasonable terms and conditions for such license at MacroGenics' request.

10.4 **Clinical Data Licenses**. Subject to the terms and conditions of this Agreement, Green Cross hereby grants to MacroGenics a non-exclusive, royalty-free, perpetual license, with the right to grant and authorize the grant of sublicenses, to use all Clinical Data and any data generated by Green Cross or any of its representatives or independent contractors pursuant to its performing its responsibilities under this Agreement for the research, Development, manufacture Commercialization and sales of MGAH22 and Products by MacroGenics outside the Territory and for MacroGenics to exercise its rights and fulfill its obligations under this Agreement. Subject to the terms and conditions of this Agreement, MacroGenics hereby grants to Green Cross a non-exclusive,

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royalty-free, license, with the right to grant sublicenses, during the Term to use all Clinical Data and other data generated by MacroGenics pursuant to its performing its responsibilities under this Agreement for Green Cross to fulfill its obligations under this Agreement.

10.5 **Negative Covenant**. Each Party covenants that, except to the extent Third Parties generally are lawfully permitted to do so, it will not use or practice any of the other Party's intellectual property rights licensed to it under this Section 10 except for the purposes expressly permitted in the applicable license grant.

10.6 **No Implied Licenses**. Except as explicitly set forth in this Agreement, neither Party grants any license, express or implied, under its intellectual property rights to the other Party.

10.7 **Diversion**

(a) Green Cross hereby covenants and agrees that it will not, either directly or indirectly, promote, market, distribute, import, sell or have sold Products, including via the Internet or mail order, to any Third Party, address or Internet Protocol address outside of the Territory.

(b) If any of Green Cross' Products are diverted for use outside the Territory, the following shall apply: (i) if such Products were diverted by an identifiable customer, distributor, employee, consultant or agent of Green Cross then, upon the request of MacroGenics, Green Cross shall not sell such Products to, or allow the sale of such Products by, any such customer, distributor, employee, consultant or agent for the remaining Term and shall use Commercially Reasonable Efforts to buy back all such Products from such customer, distributor, employee, consultant or agent within *** of such request from MacroGenics; or (ii) Green Cross shall use Commercially Reasonable Efforts to investigate the location of such diverted Products and buy it back; but, if and to the extent that, Green Cross elects not to, or is unable to, buy back the applicable diverted Products, then MacroGenics may, in its sole discretion, buy back the applicable diverted Products, and Green Cross shall reimburse MacroGenics for all reasonable costs incurred by MacroGenics in connection with the buy-back or lost sales of any such diverted Products.

11. **EXCLUSIVITY**. During the Term, Green Cross shall not (either by itself, or with or through a Related Party or Third Party) Develop or Commercialize any (i) Product outside of the scope of this Agreement or (ii) Competing Product.

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12. **CONFIDENTIALITY; PUBLICATION**

12.1 **Nondisclosure Obligation**

(a) **Definition and Restrictions**. All Confidential Information disclosed by one Party to the other Party at any time, including, without limitation, before the Effective Date or after the expiration or termination of this Agreement, shall be maintained in confidence by the receiving Party and shall not be disclosed by the receiving Party to any Third Party or used by the receiving Party for any purpose except as set forth herein without the prior written consent of the disclosing Party, ******* The following shall not be deemed Confidential Information for purposes of the restrictions set forth in this Section 12.3(a):

(i) Information that is known by the receiving Party at the time of its receipt, and not through a prior disclosure by the disclosing Party, as documented by the receiving Party's business records;

(ii) Information that is or becomes part of the public domain through no fault of the receiving Party;

(iii) Information that is subsequently disclosed to the receiving Party by a Third Party who may lawfully do so and is not under an obligation of confidentiality to the disclosing Party; and

(iv) Information that is developed by the receiving Party independently of Confidential Information received from the disclosing Party, as documented by the receiving Party's business records.

(b) **Combinations**. Any combination of features or disclosures shall not be deemed to fall within the exclusions set forth in Section 12.1(a) merely because individual features are published or available to the general public or in the rightful possession of the receiving Party unless the combination itself and principle of operation are published or available to the general public or in the rightful possession of the receiving Party.

(c) **Exceptions**. Notwithstanding the restrictions set forth in Section 12.1(a), the receiving Party may disclose Confidential Information of the other Party to:

(i) governmental or other regulatory agencies in order to obtain Patents or to gain or maintain approval to conduct clinical trials or to market Products, but such disclosure may be only to the extent reasonably necessary to obtain Patents or authorizations; or

(ii) as the receiving Party deems necessary to be disclosed, to its Affiliates, agents, consultants, or other Third Parties for the Development or

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Commercialization of Product(s), or in connection with a licensing transaction related to such Product(s) or loan, financing or investment or acquisition, merger, consolidation or similar transaction (or for such entities to determine their interest in performing such activities) or in order to perform its obligations under this Agreement, in each case on the condition that any Third Parties, other than Regulatory Authorities, to whom such disclosures are made agree to be bound by confidentiality and non-use obligations substantially similar to those contained in this Agreement; provided that the term of confidentiality and non-use applicable to such Third Parties shall be no less than ******* from the date of disclosure to them.

(d) **Disclosure Required by Judicial or Administrative Process.** If a Party is required by judicial or administrative process to disclose Confidential Information of the other Party that is subject to the non-disclosure provisions of this Section 12.1, such Party shall promptly inform the other Party of the disclosure that is being sought in order to provide the other Party an opportunity to challenge or limit the disclosure obligations. Confidential Information that is disclosed by judicial or administrative process shall remain otherwise subject to the confidentiality and non-use provisions of this Section 12.1, and the Party disclosing Confidential Information pursuant to law or court order shall take all steps reasonably necessary, including without limitation obtaining an order of confidentiality, to ensure the continued confidential treatment of such Confidential Information.

(e) **Obligations Upon Termination.** Upon the termination or expiration of this Agreement, or upon the earlier request of either Party, the receiving Party shall return to the disclosing Party, all of the disclosing Party's Confidential Information, including all copies thereof, provided that the receiving Party may retain one copy for archival purposes.

12.2 **Publication**

(a) **Publication of Results**. Green Cross and MacroGenics each acknowledge the other Party's interest in publishing the results of its activities under the Collaboration in order to obtain recognition within the scientific community and to advance the state of scientific knowledge. Each Party also recognizes the mutual interest in obtaining valid patent protection and in protecting business interests and trade secret information. Consequently, the JSC shall establish procedures for review of publications related to the Collaboration, ensuring that, except for disclosures permitted pursuant to Section 12.1, either Party and its employees wishing to make a publication related to work performed under this Agreement shall deliver to the other Party a copy of the proposed written publication or an outline of an oral disclosure at least ******* prior to submission for publication or for presentation.

(b) **Review of Publications and Presentations**

(i) The reviewing Party shall have the right (a) to propose modifications to the publication or presentation for patent reasons, trade secret reasons,

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or for purposes of removing the Confidential Information of the reviewing Party, or (b) to request a reasonable delay in publication or submission for presentation in order to protect trade secret or patentable information.

(ii) If the reviewing Party requests the removal of the reviewing Party's Confidential Information or a delay, the publishing Party shall remove such Confidential Information and delay submission for publication or submission for presentation for a period of ******* to enable patent applications protecting each Party's rights in such Confidential Information to be filed in accordance with Section 15 below.

(iii) Upon expiration of such ******* and satisfaction of any other conditions imposed by the JSC, the publishing Party shall be free to proceed with the publication or submission for presentation.

(iv) Upon request of the Party seeking publication, the reviewing Party shall consider expediting the time frames set forth in this Section 12.2.

(v) If the reviewing Party requests modifications to the publication or submission for presentation, the publishing Party shall edit such publication to prevent disclosure of the Confidential Information of the reviewing Party or trade secret or proprietary business information prior to submission for publication or for presentation.

12.3 **Publicity; Use of Names**

(a) **Press Releases**. The Parties shall issue a mutually acceptable press release announcing the execution of this Agreement. A Party may issue any subsequent press release relating to this Agreement or activities conducted hereunder upon prior written approval of the other Party, such approval not to be unreasonably withheld or delayed; provided, however, that no approval of the other Party shall be required if a subsequent press release or SEC filing solely discloses the information that (1) a milestone under this Agreement has been achieved and/or any payments associated therewith have been received; (2) the filing and/or approval of a BLA generally has occurred (provided, however, that specific dates of filing shall not be disclosed); (3) initiation of any Phase II Clinical Trial or later clinical trial; and (4) commercial launch of a Product or any information that has previously been approved and disclosed as permitted by this Section 12.3(a). In the case of items (1)-(4) of the preceding sentence, the disclosing Party shall provide the other Party a copy of such proposed disclosures at least ******* prior to the proposed release and consider in good faith any comments the other Party may make, where practicable, and in light of any reporting obligations of such disclosing Party under applicable laws, rules or regulations, including without limitation the rules and regulations promulgated by the United States Securities and Exchange Commission or any other governmental agency.

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(b) **No Other Use of Company Names**. Except as otherwise provided in this Section 12.3(b), neither Party shall use the name, trademark, trade name or logo of the other Party or its employees in any publicity or news release relating to this Agreement or its subject matter, without the prior express written permission of the other Party.

(c) **Approved Press Releases**. In addition and notwithstanding anything to the contrary herein, (a) if the relevant text of a proposed press release has already previously been reviewed and approved for disclosure by the other Party then such text may be disclosed or republished in such proposed press release provided that the Party issuing such press release provides notice to the other Party of such press release at least four (4) business days prior to the issuance of such press release, where practicable, and (b) if the relevant text of a proposed public announcement such as a corporate presentation or comments to analysts or investors has already previously been reviewed and approved for disclosure by the other Party (whether in the form of an approved press release or prior approved presentation materials, Q&A script or the like) then such text may be included in such proposed public announcement (but not a press release) without resubmission and review by the other Party.

(d) **Existence of Agreement**

(i) **No Disclosure**. Neither Party shall disclose the existence or terms of this Agreement pursuant to a press release or otherwise except as provided in this Section 12.3(d).

(ii) **Permitted Disclosures**

(A) Notwithstanding the terms of this Section 12, either Party shall be permitted to disclose the existence and terms of this Agreement and the conduct of the Collaboration under this Agreement, to the extent required, in the reasonable opinion of such Party's legal counsel, to comply with applicable laws, rules or regulations, including without limitation the rules and regulations promulgated by the United States Securities and Exchange Commission or any other governmental agency. The disclosing Party shall take reasonable and lawful actions to avoid and/or minimize the degree of such disclosure.

(B) Either Party may also disclose the existence and terms of this Agreement to its attorneys and advisors, and to potential acquirors, in connection with a potential acquisition or other change of control transaction and to existing and potential investors or lenders of such Party, as a part of their due diligence investigations, or to potential licensees or to permitted assignees in each case under an agreement to keep the terms of this Agreement confidential under terms of confidentiality and non-use substantially similar to the terms contained in this Agreement and to use such confidential information solely for the purpose of the contemplated transaction.

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(C) MacroGenics may also disclose the existence and terms of this Agreement pursuant to transactions related to the Commercialization or Development of MGAH22 or any Product ("**Licensing Transactions**"), in each case under an agreement to keep the terms of this Agreement confidential under terms of confidentiality and non-use substantially similar to the terms contained in this Agreement and to use such confidential information solely for the purpose of the contemplated transaction, provided that prior to the disclosure of the terms of this Agreement in connection with any Licensing Transaction, MacroGenics shall redact in any written summary or copy of this Agreement, all financial terms of this Agreement, in a manner substantially consistent with a form provided to Green Cross by MacroGenics on or before the Effective Date. The transactions described in Section 12.3(d)(ii)(B) shall not be deemed Licensing Transactions for purposes of this Section 12.3(d)(ii)(C).

13. **REPRESENTATIONS AND WARRANTIES**

13.1 **Representations and Warranties of MacroGenics**. MacroGenics represents and warrants to Green Cross that, as of the Effective Date:

(a) it has the full right, power and authority to enter into this Agreement, to perform the Collaboration, and to grant the licenses contemplated under Section 10, and the fulfillment of its obligations and performance of its activities hereunder do not materially conflict with, violate, or breach or constitute a default under any contractual obligation or court or administrative order by which MacroGenics is bound;

(b) all necessary consents, approvals and authorizations of all government authorities and other persons required to be obtained by MacroGenics as of the Effective Date in connection with the execution, delivery and performance of this Agreement have been obtained;

(c) it is the exclusive licensee of or otherwise Controls the right, title and interest in and to the MacroGenics Licensed Technology and MacroGenics Licensed Trademarks, and has the right to grant to Green Cross the licenses that it purports to grant hereunder and has not granted any Third Party rights that would interfere or be inconsistent with Green Cross' rights hereunder;

(d) to its knowledge, except for those licensed or sublicensed under the Upstream Agreements, the MacroGenics Licensed Patents and MacroGenics Licensed Know-how are not subject to any existing royalty or other payment obligations to any Third Party; and

(e) as of the Effective Date, to its knowledge, the issued Patents in the MacroGenics Licensed Patents are valid and enforceable and it is not aware of any action, suit, inquiry, investigation or other proceeding threatened, pending, or ongoing brought by any Third Party that challenges or threatens the validity or enforceability of

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any of the MacroGenics Licensed Patents or that alleges the use of the MacroGenics Licensed Patents or the MacroGenics Licensed Know-how or the development, manufacture commercialization and use of the Products would infringe or misappropriate the intellectual property or intellectual property rights of any Third Party (and it has not received any notice alleging such an infringement or misappropriation). In the event that MacroGenics becomes aware of any such action or proceeding, it shall immediately notify Green Cross in writing.

13.2 **Representations and Warranties of Green Cross**. Green Cross represents and warrants to MacroGenics that as of the Effective Date:

(a) it has the full right, power and authority to enter into this Agreement, to perform the Collaboration, to grant the licenses granted hereunder, and the fulfillment of its obligations and performance of its activities hereunder do not materially conflict with, violate, or breach or constitute a default under any contractual obligation or court or administrative order by which Green Cross is bound;

(b) all necessary consents, approvals and authorizations of all government authorities and other persons required to be obtained by Green Cross as of the Effective Date in connection with the execution, delivery and performance of this Agreement have been obtained.

(c) it is the exclusive licensee of or otherwise Controls the right, title and interest in and to the Green Cross Licensed Patents and Green Cross Licensed Know-how, and has the right to grant to MacroGenics the licenses that it purports to grant hereunder and has not granted any Third Party rights that would interfere or be inconsistent with MacroGenics' rights hereunder;

(d) to its knowledge, the Green Cross Licensed Patents and Green Cross Licensed Know-how are not subject to any existing royalty or other payment obligations to any Third Party; and

(e) as of the Effective Date, to its knowledge, the issued Patents in the Green Cross Licensed Patents are valid and enforceable and it is not aware of any action, suit, inquiry, investigation or other proceeding threatened, pending, or ongoing brought by any Third Party that challenges or threatens the validity or enforceability of any of the Green Cross Licensed Patents or that alleges the use of the Green Cross Licensed Patents or the Green Cross Licensed Know-how or the development, manufacture commercialization and use of the Products would infringe or misappropriate the intellectual property or intellectual property rights of any Third Party (and it has not received any notice alleging such an infringement or misappropriation). In the event that Green Cross becomes aware of any such action or proceeding, it shall immediately notify MacroGenics in writing.

13.3 **Upstream Agreements**. MacroGenics represents, warrants and covenants to Green Cross that:

(a) Exhibit E lists all of the Upstream Agreements in existence as of the Effective Date. True and correct copies of the existing Upstream Agreements have previously been provided to Green Cross by MacroGenics, and copies of any additional Upstream Agreement entered following the Effective Date will be provided to Green Cross by MacroGenics. Notwithstanding the foregoing, prior to entering into additional Upstream Agreements, MacroGenics shall inform Green Cross to allow Green Cross to review the same.

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(b) The Upstream Agreements identified on Exhibit E are, to MacroGenics' knowledge, in full force and effect as of the Effective Date, and MacroGenics is not aware of any that it has committed any material breach of any of the provisions of any of such Upstream Agreements, nor does there exist any condition that, to the knowledge of MacroGenics, with passage of time or sending of notice would constitute a material breach by MacroGenics of any of the provisions of such Upstream Agreements, nor is MacroGenics aware of any material breach of such Upstream Agreements by any other party thereto.

(c) To the extent required to grant the licenses in this Agreement, MacroGenics has the right under the Upstream Agreements listed on Exhibit E to enter into this Agreement and grant the licenses contemplated hereby.

(d) MacroGenics will fulfill all of its material obligations under the Upstream Agreements and otherwise comply with the terms thereof. MacroGenics shall furnish to Green Cross copies of all notices received by MacroGenics relating to alleged breaches or defaults by MacroGenics of its obligations under the Upstream Agreements within five (5) business days of MacroGenics receipt thereof.

(e) To the extent MacroGenics is permitted or required under the terms of the Upstream Agreements to participate in the prosecution, maintenance, or enforcement or defense of any Patent or other intellectual property right sublicensed to Green Cross under this Agreement, MacroGenics shall do so after consultation with Green Cross and, as and to the extent permitted by the Upstream Agreements, Green Cross shall have the same rights with respect thereto as set forth in Section 15 hereof.

13.4 **No Other Representations or Warranties**. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY. ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

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14. **INDEMNIFICATION**

14.1 **By Green Cross**. Green Cross agrees to indemnify and hold harmless MacroGenics, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the "**MacroGenics Indemnitee(s)**") from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) incurred in connection with any claims, demands, actions or other proceedings by any Third Party (individually and collectively, "**Losses**") first arising after the Effective Date to the extent arising from (a) activities performed by Green Cross or any of its Affiliates or Permitted Subcontractors with respect to the research, Development, manufacture, use, Commercialization or sale of MGAH22 or Products or any other exercise of their rights or performance of their obligations hereunder, (b) the use by Green Cross or any of its Related Parties or Permitted Subcontractors of the MacroGenics Licensed Patents or MacroGenics Licensed Know-how except as permitted in this Agreement, (c) the negligence, illegal conduct or willful misconduct of Green Cross, or (d) Green Cross' material breach of this Agreement, except to the extent such Losses arise out of any of MacroGenics Indemnitee's negligence, illegal conduct or willful misconduct, or breach of this Agreement.

14.2 **By MacroGenic**s. MacroGenics agrees to indemnify and hold harmless Green Cross, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the "**Green Cross Indemnitee(s)**") from and against all Losses to the extent arising from (a) activities performed by MacroGenics or any of its Affiliates or Permitted Subcontractors with respect to the research, Development, manufacture, use, Commercialization or sale of Products, (b) any latent or hidden defect in a Product that is not caused by any act or omission of Green Cross, (c) the use by Green Cross or any of its Related Parties or Permitted Subcontractors of the MacroGenics Licensed Patents or MacroGenics Licensed Know-how or any intellectual property rights under Upstream Agreements as permitted under this Agreement, (d) the negligence, illegal conduct or willful misconduct of MacroGenics, or (e) MacroGenics' material breach of this Agreement, except to the extent such Losses arise out of any of Green Cross Indemnitee's negligence, illegal conduct or willful misconduct, or breach of this Agreement.

14.3 **Defense**. If any such claims or actions are made, the Indemnitee shall be defended at the Indemnifying Party's sole expense by counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee, provided that the Indemnitee may, at its own expense, also be represented by counsel of its own choosing. The Indemnifying Party shall have the sole right to control the defense of any such claim or action, subject to the terms of this Section 14.

14.4 **Settlement**. The Indemnifying Party may settle any such claim, demand, action or other proceeding or otherwise consent to an adverse judgment (a) with prior written notice to the Indemnitee but without the consent of the Indemnitee where the only liability to the Indemnitee is the payment of money and the Indemnifying Party makes such payment, or (b) in all other cases, only with the prior written consent of the Indemnitee, such consent not to be unreasonably withheld.

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14.5 **Notice**. The Indemnitee shall notify the Indemnifying Party promptly of any claim, demand, action or other proceeding under Section 14.1 or Section 14.2 and shall reasonably cooperate with all reasonable requests of the Indemnifying Party with respect thereto.

14.6 **Permission by Indemnifying Party**. The Indemnitee may not settle any such claim, demand, action or other proceeding or otherwise consent to an adverse judgment in any such action or other proceeding or make any admission as to liability or fault without the express written permission of the Indemnifying Party. Provided, however, that such permission shall not be required if such settlement does not involve (a) any admission of legal wrongdoing by the other Party's Indemnitee(s), or (b) the imposition of any equitable relief against the other Party's Indemnitee(s).

14.7 **Limitation of Liability.** NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR INDIRECT DAMAGES OR FOR LOST PROFITS ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 14.7 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY UNDER ARTICLE 14, OR DAMAGES AVAILABLE FOR A PARTY'S BREACH OF CONFIDENTIALITY OBLIGATIONS IN ARTICLE 12.

15. **INVENTIONS; PATENT PROVISIONS**

15.1 **Ownership of Intellectual Property**

(a) Ownership of MacroGenics IP. As between MacroGenics and Green Cross, MacroGenics shall remain the sole and exclusive owner of all MacroGenics Licensed Patents, MacroGenics Licensed Trademarks and MacroGenics Licensed Know-how that exist as of the Effective Date.

(b) Ownership of Green Cross IP. As between Green Cross and MacroGenics, Green Cross shall remain the sole and exclusive owner of all Green Cross Licensed know-how that exists as of the Effective Date.

(c) Ownership of Jointly Owned IP. MacroGenics shall own all data, results and inventions, whether patentable or not, conceived or reduced to practice in the course of conducting the Collaboration solely by MacroGenics or its consultants or subcontractors, together with all intellectual property rights therein. Green Cross shall own all data, results and inventions, whether patentable or not, conceived or reduced to practice in the course of conducting the Collaboration solely by Green Cross or its

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consultants or subcontractors, together with all intellectual property rights therein. MacroGenics and Green Cross shall jointly own all data, results and inventions, whether patentable or not, conceived or reduced to practice by MacroGenics and Green Cross jointly ("**Jointly Owned IP**"), together with all intellectual property rights therein, with each Party owning an undivided half interest and the right to exploit without the duty of accounting or seeking consent from the other Party to the extent to be permitted under Applicable Laws and Regulations.

15.2 **Patent and Trademark Filing, Prosecution and Maintenance**

(a) **Overall Strategy**. The JSC shall establish an overall strategy for the filing, prosecution and maintenance of MacroGenics Licensed Patents, MacroGenics Licensed Trademarks and Green Cross Licensed Patents in the Territory.

(b) **Prosecution**

(i) The responsibility for Patent Prosecution and Trademark Prosecution related to a Patent or Trademark that is within the MacroGenics Licensed Patents and MacroGenics Licensed Trademarks or the Green Cross Licensed Patents that is owned solely by a Party shall be the responsibility of such Party. Such Party shall keep the JSC and the other Party informed of the status of all such Patent Prosecution and Trademark Prosecution activities. MacroGenics shall be responsible for undertaking the Patent Prosecution with respect to Patents jointly owned by the Parties (the "**Jointly Owned Patents**"), and shall do as directed by the JSC.

(ii) MacroGenics shall keep the JSC and Green Cross informed of the status of all matters affecting Patent Prosecution and Trademark Prosecution of MacroGenics Licensed Patents, MacroGenics Licensed Trademarks and Jointly Owned Patents in the Territory, including providing a copy of any correspondence from any governmental authorities to the JSC and Green Cross upon request, and consulting on the strategy and content of submissions to such governmental authorities in advance of any submissions.

(iii) Any dispute regarding Patent Prosecution and Trademark Prosecution of MacroGenics Licensed Patents, MacroGenics Licensed Trademarks, or Jointly Owned Patents, shall be resolved by the JSC.

(iv) Without limiting the generality of the foregoing, MacroGenics shall prosecute and maintain Jointly Owned Patents using outside counsel acceptable to Green Cross, and shall instruct such counsel to provide copies of correspondence and filings directly to Green Cross and otherwise permit Green Cross to participate with MacroGenics in any of the activities of such counsel with respect to the Patent and Trademark Prosecution of such Jointly Owned Patents. Before taking any material step in the Patent Prosecution or Jointly Owned Patents, MacroGenics and its counsel shall allow Green Cross a reasonable opportunity to comment on the action proposed to be taken, and agrees to incorporate in such filings all reasonable comments of Green Cross.

(v) Green Cross acknowledges and understands that its rights and obligations under this Section 15.2 are secondary to and shall be subject to any Third Party rights and obligations under the Upstream Agreements.

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(c) **Patent and Trademark Oppositions**. The JSC will decide whether and how to participate in Patent and Trademark oppositions and undertake activities intended to invalidate Third Party Patents.

15.3 **Costs of Patent and Trademark Prosecution**

(a) **Costs.** All out-of-pocket costs for Patent Prosecution and Trademark Prosecution of a Party's solely owned Patent or Trademark and for maintaining a Party's solely owned Patent or Trademark shall be solely incurred by and the sole responsibility of that Party. All out-of-pocket costs for Patent Prosecution of Jointly Owned Patents and for maintaining Jointly Owned Patents in the Territory shall be shared equally by the Parties. The out-of-pocket costs of MacroGenics' participation in Patent and Trademark oppositions, interferences and similar actions, and activities intended to invalidate Third Party Patents and Trademarks in the Territory shall be borne solely by Green Cross.

15.4 **Patent and Trademark Prosecution Cooperation**. With respect to all Patent Prosecution and Trademark Prosecution related to Patents and Trademarks included in MacroGenics Licensed Patents, MacroGenics Licensed Trademarks or Green Cross Licensed Patents, each Party shall:

(a) execute all further instruments to document their respective ownership consistent with this Agreement as reasonably requested by the other Party;

(b) make its employees, agents and consultants reasonably available to the other Party (or to the other Party's authorized attorneys, agents or representatives), to the extent reasonably necessary to enable the appropriate Party hereunder to undertake its Patent Prosecution and Trademark Prosecution responsibilities;

(c) cooperate, if necessary and appropriate, with the other Party in gaining Patent and Trademark term extensions; provided, however, that any dispute regarding the same shall be submitted to the JSC for resolution; and

(d) endeavor in good faith to coordinate its efforts under this Agreement with the other Party to minimize or avoid interference with the Patent Prosecution and Trademark Prosecution of the other Party's Patents and Trademarks.

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15.5 **Enforcement**

(a) **Notice**. Each Party shall promptly provide, but in no event later than ***, the other with written notice reasonably detailing any known or alleged infringement of any Patent or Trademark owned by the other Party and subject to a license under this Agreement.

(b) **Enforcement of Intellectual Property Rights**

(i) The sole owner of a Patent, Trademark, Know-how or Confidential Information shall have the exclusive right to institute and direct legal proceedings against any Third Party believed to be infringing such Patent or Trademark or misappropriating or otherwise violating such Know-how or Confidential Information. Green Cross shall have the initial right to institute and direct legal proceedings against any Third Party believed to be infringing Jointly Owned Patents that claims or covers a Product sold in the Territory. If Green Cross has the right to direct legal proceedings pursuant to this Section 15.5(b)(i) and does not abate such violation of Jointly Owned Patents, including by commencement of a lawsuit against the accused person if necessary, within ******* after receiving notice of such infringement of Jointly Owned Patents and immediately after notice of other violation of such Jointly Owned Patents, then MacroGenics shall be entitled (but shall not be obligated) to take all actions reasonably necessary to abate such violation in the Territory, including commencement of a lawsuit against the accused Third Party if necessary.

(ii) MacroGenics shall have the initial right to institute and direct legal proceedings against any Third Party believed to be infringing Jointly Owned Patents that claims or covers a Product sold outside the Territory. If MacroGenics does not abate such violation of Jointly Owned Patents, including by commencement of a lawsuit against the accused person if necessary, within ******* after receiving notice of such infringement of Jointly Owned Patents and immediately after notice of other violation of such Jointly Owned Patents, then Green Cross shall be entitled (but shall not be obligated) to take all actions reasonably necessary to abate such violation in the Territory, including commencement of a lawsuit against the accused Third Party if necessary.

(iii) All amounts recovered from enforcement of any such rights by either Party in the Territory relating to the intellectual property licensed under this Agreement shall be first used to reimburse each Party's costs and expenses incurred in connection with such action, and any remainder of such recovery, other than amounts recovered as lost profits, shall be retained by the Party instituting the action, provided that any remainder retained by Green Cross shall be treated as Net Sales and shall be subject to Green Cross' royalty payment obligations at the applicable rate specified in Section 8.5. For amounts recovered as lost profits the amount of Net Sales represented by such lost profits and Green Cross shall be obligated to pay MacroGenics any amounts due under this Agreement if such projected Net Sales were actually made by Green Cross. All amounts recovered from

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enforcement of any such rights by either Party outside the Territory relating to Jointly Owned Patents shall be first used to reimburse each Party's costs and expenses incurred in connection with such action, and any remainder of such recovery, shall be retained by the Party instituting the action.

(c) **Cooperation in Enforcement Proceedings**. For any action by a Party pursuant to subsection (b) above, in the event that such Party is unable to initiate or prosecute such action solely in its own name, the other Party will join such action voluntarily and will execute all documents necessary for such Party to initiate, prosecute and maintain such action. If either Green Cross or MacroGenics initiates an enforcement action pursuant to Section 15.5(b), then the other Party shall cooperate to the extent reasonably necessary and at the first Parties' sole expense (except for the expenses of the non-controlling Party's counsel, if any). Upon the reasonable request of the Party instituting any such action, such other Party shall join the suit and can be represented in any such legal proceedings using counsel of its own choice. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties reasonably the subject thereof.

(d) **Status; Settlement**. The Parties shall keep each other informed of the status of and of their respective activities regarding any enforcement action pursuant to Section 15.5(b). Neither Party shall settle any litigation or legal proceeding in the Territory to enforce MacroGenics Licensed Patents or MacroGenics Licensed Trademarks without the other Party's written authorization.

15.6 **Defense**

(a) **Notice of Allegations**. Each Party shall notify the other in writing of any allegations it receives from a Third Party that the manufacture, production, use, development, sale or distribution of any Product or any technology or intellectual property licensed by a Party under this Agreement infringes the intellectual property rights of such Third Party. Such notice shall be provided promptly, but in no event after more than fifteen (15) business days, following receipt of such allegations.

(b) **Notice of Suit**. In the event that a Party receives notice that it or any of its Affiliates have been individually named as a defendant in a legal proceeding by a Third Party alleging infringement of a Third Party's Patents or other intellectual property right as a result of the manufacture, production, use, development, sale or distribution of Products or any technology or intellectual property licensed by a Party under this Agreement, such Party shall immediately notify the other Party in writing and in no event notify such other Party later than ******* after the receipt of such notice. Such written notice shall include a copy of any summons or complaint (or the equivalent thereof) received regarding the foregoing. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties reasonably the subject thereof. In such event, the Parties shall agree how best to mitigate or control the defense of any such legal proceeding; provided however, that if either Party or any of its Affiliates have been individually named as a defendant in a legal proceeding relating to

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the alleged infringement of a Third Party's Patents or other intellectual property right as a result of the manufacture, production, use, development, sale or distribution of Products, the other Party shall be allowed to join in such action, at its own expense.

(c) **Status; Settlement**. The Parties shall keep each other informed of the status of and of their respective activities regarding any litigation or settlement thereof initiated by a Third Party in the Territory concerning a Party's manufacture, production, use, development, sale or distribution of Products or any technology or intellectual property licensed by a Party under this Agreement; provided, however, that no settlement or consent judgment or other voluntary final disposition of a suit under this Section 15.6(c) may be undertaken by a Party without the consent of the other Party which consent shall not be unreasonably withheld or delayed.

16. **TERMS AND TERMINATION**

16.1 **Term.** Unless earlier terminated, this Agreement shall continue in effect until the expiration of the Royalty Term as defined in Section 1.87 ("**Term**"), and thereafter Green Cross has no remaining payment obligations with respect to the Products pursuant to Section 8.5 above and MacroGenics shall have no further obligations hereunder.

16.2 **Termination for Change in Control of Green Cross**. In the event of a Change in Control involving Green Cross, Green Cross shall provide prompt written notice to MacroGenics following such Change in Control, and MacroGenics may, in its sole discretion, terminate this Agreement by providing written notice to Green Cross within ******* of MacroGenics' receipt of such written notice of the Change in Control.

16.3 **Termination for Change in Control of MacroGenics**. In the event of a Change in Control involving MacroGenics, MacroGenics shall provide prompt written notice to Green Cross following such Change in Control, and Green Cross may, in its sole discretion, terminate this Agreement by providing written notice to MacroGenics within ******* of Green Cross' receipt of such written notice of the Change in Control.

16.4 **Termination for Challenge to Patent Validity**. MacroGenics may terminate this Agreement immediately upon written notice to Green Cross in the event Green Cross or any of its Affiliates:

(a) directly or indirectly oppose, or assist any Third Party to oppose, in any patent office proceeding, the grant of any patent or patent application within the MacroGenics Licensed Patents, or, in any patent office proceeding, dispute or directly or indirectly assist any Third Party to dispute, the validity of any patent within the MacroGenics Licensed Patents or any of the claims thereof, including opposing any application for amendment thereto;

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(b) directly or indirectly oppose, or assist any Third Party to oppose, in any court proceeding, the grant of any patent or patent application within the MacroGenics Licensed Patents, or, in any court proceeding, dispute or directly or indirectly assist any Third Party to dispute, the validity of any patent within the MacroGenics Licensed Patents or any of the claims thereof; or

(c) bring any claim or proceedings of whatever nature in relation to the MacroGenics Licensed Patents against MacroGenics and/or any of MacroGenics' Affiliates (or in respect of the foregoing their directors and officers) in respect of any activities carried out by them under any MacroGenics Licensed Patents which may be the subject of a Valid Claim of the MacroGenics Licensed Patents.

16.5 **Termination for Cause**. This Agreement may be terminated at any time during the Term upon written notice by either Party if the other Party is in material breach of its other obligations under this Agreement and, in each case, has not cured such breach within ******* after notice requesting cure of the breach (other than for non-payment which shall be cured within *******).

16.6 **Effect of Termination**

(a) If MacroGenics terminates this Agreement pursuant to Section 16.2, 16.4, or pursuant to Section 16.5 for cause based on material breach by Green Cross:

(i) Green Cross shall pay any amounts due pursuant to Section 8 prior to the date of termination;

(ii) For the avoidance of doubt, the licenses and sublicenses granted to Green Cross under Sections 10.1(a) and 10.4 shall terminate;

(iii) Green Cross shall return to MacroGenics all Products (including, without limitation, all MGAH22) within its possession or control and arrange for the Green Cross Sublicensees to return to MacroGenics all Products (including, without limitation, all MGAH22) within such Green Cross Sublicensees' possession or control;

(iv) Green Cross shall cease to research, develop, market and sell any Product that infringes a Valid Claim in a MacroGenics Licensed Patent;

(v) for the Products (including, without limitation, MGAH22), Green Cross shall assign and promptly transfer to MacroGenics, at no expense to MacroGenics, all of Green Cross' right, title and interest in and to (A) all regulatory filings (such as INDs, CTAs and drug master files), Regulatory Approvals, and clinical trial agreements (to the extent assignable and not cancelled) for such Products(s), to the extent that MacroGenics elects to continue development of such Product(s); (B) all data, including clinical data, materials and information of any kind

or nature whatsoever, in Green Cross' possession or in the possession of its Affiliates or its or their respective agents related to such Product(s); (C) all trademarks related to such Products (if such termination occurs after approval of such trademark by a Regulatory Authority); and (D) all material information, and any other information reasonably requested and required by MacroGenics, relating to the manufacture of such Products;

(vi) all sublicenses under the rights granted pursuant to Section 10.1(b) shall terminate; and

(vii) MacroGenics shall revoke (and Green Cross shall allow revocation of) any powers of attorney for any MacroGenics Licensed Patents that Green Cross holds as of the time of such termination; and

(b) If Green Cross terminates this Agreement pursuant to Section 16.3:

(i) The provisions of Section 16.6(a) shall apply;

(ii) Notwithstanding anything to the contrary, MacroGenics shall continue to provide Green Cross, for up to *******, the Products (including, without limitation, all MGAH22), at the request of Green Cross in accordance with the terms of Section 6.2; and

(c) If Green Cross terminates this Agreement pursuant to Section 16.5 for cause based on material breach by MacroGenics:

(i) As full satisfaction of any claims Green Cross may have based upon such material breach and termination, *******:

(1) Such material breach by MacroGenics results in a substantial reduction in the profit Green Cross would have received if such material breach and termination had not occurred;

(2) MacroGenics committed such material breach other than as a result of a material breach committed by Green Cross; and

(3) Both Parties agree in writing not to undertake arbitration in accordance with Section 17.7 to determine whether MacroGenics committed a material breach.

(ii) For the avoidance of doubt, the license granted under Section 10.3 shall terminate;

(iii) The provisions of Section 16.6(a) shall apply;

(iv) Notwithstanding anything to the contrary, MacroGenics shall continue to provide Green Cross, for up to*******, the Products (including, without limitation, all MGAH22), at the request of Green Cross in accordance with the terms of Section 6.2; and

(v) Green Cross shall revoke (and MacroGenics shall allow revocation of) any powers of attorney for any Green Cross Licensed Patents that MacroGenics holds as of the time of such termination.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

(d) **Return of Confidential Information**. Upon expiration or termination of this Agreement, the Parties shall comply with Section 12.1(e).

16.7 **Survival**. The following provisions shall survive the termination or expiration of this Agreement for any reason: Sections 1, 8.9, 8.11, 9, 10.4 (with respect to the license granted to MacroGenics), 12 (to the extent provided therein), 13, 14, 15.1, 16 and 17.

17. **MISCELLANEOUS**

17.1 **Force Majeure**. Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party including, but not limited to, embargoes, war, acts of war (whether war be declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, or other acts of God, or acts, omissions or delays in acting by any governmental authority or the other Party ("**Force Majeure**"). The affected Party shall notify the other Party of such force majeure circumstances as soon as reasonably practical, and shall promptly undertake all reasonable efforts necessary to cure such force majeure circumstances. In the event a Party is unable to perform its obligations under this Agreement due to Force Majeure for a period of *******, the other Party shall have the option of unilaterally terminating this Agreement upon providing ******* written notice.

17.2 **Section 365(n) of the Bankruptcy Code**. All rights and licenses granted under or pursuant to any section of this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(35A) of the U.S. Bankruptcy Code. The Parties shall retain and may fully exercise all of their respective rights and elections under the U.S. Bankruptcy Code. The Parties agree that a Party that is a licensee of such rights under this Agreement shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code, and that upon commencement of a bankruptcy proceeding by or against the licensing Party (such Party, the "**Involved Party**") under the U.S. Bankruptcy Code, the other Party (such Party, the "**Noninvolved Party**") shall be entitled to a complete duplicate of or complete access to (as such Noninvolved Party deems appropriate), any such intellectual property and all embodiments of such intellectual property, provided the Noninvolved Party continues to fulfill its payment or royalty obligations as specified herein in full. Such intellectual property and all

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

embodiments thereof shall be promptly delivered to the Noninvolved Party (a) upon any such commencement of a bankruptcy proceeding upon written request therefor by the Noninvolved Party, unless the Involved Party elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under (a) above, upon the rejection of this Agreement by or on behalf of the Involved Party upon written request therefor by Noninvolved Party. The foregoing is without prejudice to any rights the Noninvolved Party may have arising under the U.S. Bankruptcy Code or other applicable law.

17.3 **Assignment**. Neither Party may assign its rights and obligations under this Agreement without the prior written consent of the other Party, provided that either Party may assign its rights and obligations under this Agreement, without such consent from the other Party, to its Affiliate or any successor in interest in connection with the sale of all or substantially all of its assets or a sale of all or substantially of the business related to MGAH22 or a Product, or a merger, acquisition or other similar transactions. For the avoidance of doubt, the terms and conditions of this Agreement shall be binding on the permitted successors and assignees of each Party.

17.4 **Severability**. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use their best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

17.5 **Notices**. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to MacroGenics, to:	1500 East Gude Drive Rockville, MD 20850 Attention: Chief Executive Officer Facsimile: ***
with copy to: (which shall not constitute notice)	Arnold & Porter, LLP 1600 Tysons Boulevard Suite 900 McLean, VA 22102 Attention: *** Facsimile: ***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

if to Green Cross, to:	Green Cross Corporation 303 Bojeong-dong, Giheung-gu Yongin, 446-770, Korea Attn: President Facsimile: ***
with copy to:	Green Cross Corporation 303 Bojeong-dong, Giheung-gu Yongin, 446-770, Korea Attn: *** Facsimile: ***

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such notice shall be deemed to have been given upon receipt.

17.6 **Applicable Law**. All questions of inventorship will be determined in accordance with ***. In respect to all other Patent issues related to the enforceability or validity of a Patent, the laws of the jurisdiction in which the applicable Patent is filed or granted shall govern. Except as otherwise indicated, in all other respects, the right and obligations of the Parties under this Agreement shall be governed by and construed in accordance with the laws of the ***.

17.7 **Arbitration**

(a) All disputes arising out of or in connection with the Agreement shall be finally settled under the Rules of Arbitration of the *** by three (3) arbitrators ("**Arbitral Tribunal**").

(b) Each Party shall nominate one arbitrator. Should the claimant fail to appoint an arbitrator in the Request for Arbitration within *** days of being requested to do so, or if the respondent should fail to appoint an arbitrator in its Answer to the Request for Arbitration within *** days of being requested to do so, the other party shall request the *** to make such appointment.

(c) The arbitrators nominated by the parties shall, within *** from the appointment of the arbitrator nominated in the Answer to the Request for Arbitration, and after consultation with the parties, agree and appoint a third arbitrator, who will act as a chairman of the Arbitral Tribunal. Should such procedure not result in an appointment within the *** time limit, either party shall be free to request the *** to appoint the third arbitrator.

(d) *** shall be the seat of the arbitration.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

(e) The language of the arbitration shall be English. Documents submitted in the arbitration (the originals of which are not in English) shall be submitted together with an English translation.

(f) This arbitration agreement does not preclude either party seeking conservatory or interim measures from any court of competent jurisdiction including, without limitation, the courts having jurisdiction by reason of either party's domicile. Conservatory or interim measures sought by either party in any one or more jurisdictions shall not preclude the Arbitral Tribunal granting conservatory or interim measures. Conservatory or interim measures sought by either party before the Arbitral Tribunal shall not preclude any court of competent jurisdiction granting conservatory or interim measures.

(g) In the event that any issue shall arise which is not clearly provided for in this arbitration agreement the matter shall be resolved in accordance with the ******* Arbitration Rules.

17.8 **Entire Agreement; Amendments.** The Agreement contains the entire understanding of the Parties with respect to the Collaboration and licenses granted hereunder. All express or implied agreements and understandings, either oral or written, with regard to the Collaboration and the licenses granted hereunder are superseded by the terms of this Agreement. The Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representatives of both Parties hereto.

17.9 **Headings.** The captions to the several Sections hereof are not a part of the Agreement, but are merely for convenience to assist in locating and reading the several Sections and Sections of this Agreement.

17.10 **Independent Contractors**. It is expressly agreed that MacroGenics and Green Cross shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. Neither MacroGenics nor Green Cross shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

17.11 **Waiver**. The waiver by either Party of any right hereunder, or the failure of the other Party to perform, or a breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise.

17.12 **Cumulative Remedies**. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

17.13 **Waiver of Rule of Construction**. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

17.14 **Counterparts**. The 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.

17.15 **Further Assurances**. Each Party will duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

17.16 **Construction**. Except where the context otherwise requires, wherever used, the singular will include the plural, the plural the singular, the use of any gender will be applicable to all genders, and the word "or" is used in the inclusive sense (and/or). The captions of this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The term "including" as used herein means including, without limiting the generality of any description preceding such term. References to "Section" or "Sections" are references to the numbered sections of this Agreement, unless expressly stated otherwise. All dollars are United States Dollars.

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The Parties have executed this Agreement as of the Effective Date.

Green Cross Corporation		**MacroGenics, Inc.**	
By:	/s/ B. G. Rhee	By:	/s/ Scott Koenig
Name:	B. G. Rhee	Name:	Scott Koenig
Title:	President	Title:	President and CEO

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Exhibit A

MacroGenics Licensed Patents

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Exhibit B

MacroGenics Licensed Trademarks

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Exhibit C

Phase I Clinical Development Plan

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A total of twenty pages were omitted.

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Exhibit D

Phase II Clinical Development Plan

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Exhibit E

Upstream Agreements

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Exhibit F

Joint Steering Committee

MacroGenics:

1) ***
2) ***
3) ***

Green Cross:

1) ***
2) ***
3) ***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit G

SAFETY DATA EXCHANGE AGREEMENT COMPONENTS

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A total of five pages were omitted.

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<u>Exhibit H</u>
Product Royalty Rates

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A total of two pages were omitted.

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Exhibit 10.20

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Triple asterisks denote omissions.

EXECUTION COPY

121752/BR/BCN

OPTION FOR A LICENSE AGREEMENT

BY AND BETWEEN

MACROGENICS, INC.

AND

LES LABORATOIRES SERVIER

AND

INSTITUT DE RECHERCHES SERVIER

TABLE OF CONTENTS

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OPTION FOR A LICENSE AGREEMENT

This Option for a License Agreement (this "Agreement") is entered into and made effective as of the 19th day of September, 2012 (the "Effective Date"), by and between MacroGenics, Inc. a corporation organized and existing under the laws of the State of Delaware and having a principal office located at 9640 Medical Center Drive Rockville, MD 20850, USA ("MacroGenics"), and Les Laboratoires Servier, a company organized and existing under the laws of France, having a principal office located at 50 rue Carnot 92284 Suresnes ("LLS") and Institut de Recherches Servier, a company organized and existing under the laws of France, having a principal office located at 3 rue de la République - 92150 Suresnes - France ("IdRS") and LLS and IdRS hereinafter collectively referred to as "Servier"). MacroGenics and Servier are each referred to herein by name or as a "Party" or, collectively, as "Parties."

RECITALS

WHEREAS, Servier possesses expertise in the Research, Development, Manufacturing and Commercialization (each as defined below) of pharmaceutical products;

WHEREAS, MacroGenics controls certain intellectual property related to DARTs generally, certain DARTS targeting CD123, certain DARTS targeting *******, and certain DARTS targeting gpA33;

WHEREAS, Servier is interested in receiving an exclusive option to obtain a future license under which it may further research, develop and commercialize such DARTs in the Servier Territory (as defined below), and MacroGenics is willing to grant Servier such an option to obtain a future license on the terms and conditions set forth in this Agreement; and

WHEREAS the Parties are willing to set forth the terms and conditions of an option grant and an exclusive license to enable Servier to research, develop and commercialize the above mentioned DARTs as further defined hereafter, upon exercise of the exclusive option by Servier.

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

ARTICLE 1
DEFINITIONS

As used in this Agreement, the following terms will have the meanings set forth in this ARTICLE 1 unless context dictates otherwise:

1.1 ***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

1.2 "Accounting Standards" means, with respect to a Person, generally accepted accounting principles as practiced in the United States or, to the extent applicable, IFRS (International Financial Reporting Standards).

1.3 "Affiliate" means, as to a Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with said first Person, regardless of whether such Affiliate is an Affiliate on the Effective Date or becomes an Affiliate after the Effective Date. A Person shall be deemed to "control" another Person if it (a) owns, directly or indirectly, beneficially or legally, more than fifty percent (50%) of the outstanding voting securities or capital stock (or such lesser percentage which is the maximum allowed to be owned by a Person in a particular jurisdiction) of such other Person, or has other comparable ownership interest with respect to any Person other than a corporation; or (b) has the power, whether pursuant to contract, ownership of securities or otherwise, to direct the management and policies of the Person.

1.4 "Agreement Term" means the period commencing on the Effective Date and ending on the expiration of this Agreement in accordance with the provisions of Section 14.1.

1.5 "Annual Net Sales" means aggregate Net Sales of Licensed Products by Servier or its Affiliates or Sublicensees in any Calendar Year, or in the first year and last year of the Royalty Term, the portion of such Calendar Year during which the Royalty Term is in effect.

1.6 "BLA" means a Biologics License Application and any amendments or supplements thereto filed with the FDA pursuant to 21 C.F.R. Part 601 or any other application required for the purpose of marketing and selling a biological product filed with a Regulatory Authority outside the United States, including with respect to the EU a Product License Application, Marketing Authorization Application and/or manufacturing and importation license.

1.7 "Business Day" means a day on which banking institutions in Washington, DC, USA and Paris, France are open for business, excluding any Saturday or Sunday.

1.8 "Calendar Quarter" means a period of three (3) consecutive months ending on the last day of March, June, September, or December, respectively.

1.9 "Calendar Year" means a period of time commencing on January 1 and ending on the following December 31.

1.10 ***

1.11 "CD123" means the Target referred to as CD123, IL3RA or interleukin 3 receptor, alpha (low affinity) that is defined by Entrez Gene ID 3563.

1.12 "Commercialization" or "Commercialize" means any activities directed to obtaining pricing and/or reimbursement approvals, marketing, promoting, distributing, importing, offering to sell, and/or selling a product (including establishing the price for such product).

1.13 "Commercially Reasonable Efforts" means with respect to a Party, such efforts that are consistent with the efforts and resources normally used by ******* relating to the Research, Development and Commercialization of products (a) that have scientific attributes similar to those of the relevant Program DART or Licensed Product in oncology, (b) that are at a similar stage in their Research, Development, Commercialization or product life as the relevant Program DART or Licensed Product, and (c) that have commercial and market potential similar to the relevant Program DART or Licensed Product, taking into account issues of intellectual property scope, subject matter and coverage, safety and efficacy, product profile, competitiveness with respect to Third Party products in the marketplace, proprietary position and profitability (including pricing and reimbursement status achieved or likely to be achieved), and (d) solely owned by them or to which they have exclusive rights. If either Party grants a sublicense to an Affiliate or Third Party as permitted under this Agreement, then, with respect to such sublicensee Commercially Reasonable Efforts shall mean the efforts and resources (as defined above in this Section 1.13) normally used by the Party granting the sublicense, qualified by the items in clauses (a) – (d) inclusive.

1.14 "Competing Product" means any product that *** binds a Program Target, is specifically ***, and achieves its intended ***.

1.15 "Complete" or "Completing" means, for a clinical trial, the date upon which all patients have completed protocol-defined drug administration and study database lock has occurred.

1.16 "Control," "Controls," "Controlled" or "Controlling" means, with respect to any item of or right under an intellectual property right, the possession (whether by ownership or license, other than pursuant to this Agreement) of the ability of a Party to grant access to, or a license or sublicense of, such items or right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party existing at the time such Party would be required hereunder to grant the other Party such access or license or sublicense; provided that any intellectual property right that is licensed or acquired by a Party after the Effective Date ******* and that would otherwise be considered to be under the Control of such Party shall not be deemed to be under the Control of such Party if the application of such definition in the context of any licenses or sublicenses granted to the other Party under this Agreement would require the granting Party to make any additional payments or royalties to a Third Party in connection with such license or sublicense grants, unless the other Party agrees to pay the additional payments or royalties to the Third Party.

1.17 "Cover", "Covering" or "Covered" means, with respect to a product, technology, process or method that, in the absence of ownership of or a license granted under a Valid Claim, the manufacture, use, offer for sale, sale or importation of such product or the practice of such technology, process or method would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

1.18 "DART" means a dual affinity re-targeting molecule , including but not limited to those described in Exhibit A, with one arm that binds principally to a Target expressed on an immune effector cell (e.g., a T-cell) and with the second arm that binds principally to a different Target expressed on a cancer cell.

1.19 "Develop" or "Development" means drug development activities relating to the development of compounds, products, or processes, and submission of information to a Regulatory Authority for the purpose of obtaining Regulatory Approval of a product. Development includes non-clinical activities, pharmacology studies, toxicology studies, formulation, chemical analysis, bioanalytical analysis, material performance studies (such as measurements of stability, physical form, dissolution, or visual or spectroscopic analysis, and the like), pharmacokinetic studies, clinical studies, biomarker and companion diagnostic discovery and development, regulatory affairs activities, and all other activities relating to seeking, obtaining or maintaining any Regulatory Approvals from the FDA or any other applicable Regulatory Authority.

1.20 "Development Costs" means the costs and expenses incurred by a Party or its Affiliates, attributable to, or reasonably allocable to, the Development of a Program DART or Licensed Product and that are consistent, if applicable, with the applicable Development Budget and do not exceed the relevant amount set forth in such Development Budget by more than *** unless approved in writing by the JRDC and such other costs as are expressly approved in writing by the JRDC as "Development costs". "Development Costs" shall include (a) Out-of-Pocket Costs and (b) FTE Costs of internal personnel that are attributable or reasonably allocable to the Development of such Program DART or Licensed Product determined in accordance with applicable Accounting Standards of such Party.

1.21 "Diagnostic" means any companion diagnostic for a tumor expressing a Program Target that is (a) Developed in combination with a Program DART and/or Licensed Product; and (b) used in combination with a Licensed Product.

1.22 "Dollars" or "$" means the legal tender of the United States.

1.23 "EMA" means the European Medicines Agency, or any successor entity thereto.

1.24 "EU" means the European Union, as its membership may be altered from time to time, and any successor thereto.

1.25 "Excluded Data" means any Know-How, other than Safety Data, generated by a Party in the conduct of Development activities in accordance with a Development Collaboration Proposal where the other Party has declined to participate in such Development Collaboration Proposal and has not paid the Buy-In Amount in accordance with Section 5.4.2(b)(iv).

1.26 "FDA" means the U.S. Food and Drug Administration, or any successor entity thereto.

1.27 "FD&C Act" means the United States Federal Food, Drug, and Cosmetic Act, as amended.

1.28 "Field" means all human fields of use (including treatment and diagnosis).

1.29 "First Commercial Sale" means the first sale of a Licensed Product by Servier, its Affiliates or its Sublicensees for use or consumption of such Licensed Product in a country in the Servier Territory where Regulatory Approval of such Licensed Product has been obtained or otherwise permitted for sale by the Governmental Authority of such country. Sale of a Licensed Product by Servier to an Affiliate of Servier or a Sublicensee of Servier shall not constitute a First Commercial Sale unless such Affiliate or such Sublicensee is the end user of a Licensed Product. In no event shall any sales for premarketing, testing or sampling be deemed a First Commercial Sale.

1.30 "FTE" means *** of work devoted to or in support of the Development or Manufacture of Program DARTs and Licensed Product in accordance with a Global Development Plan or as required under Section 7.2, that is carried out by one or more qualified scientific or technical employees or contract personnel of MacroGenics or its Affiliates, or Servier or its Affiliates, as measured in accordance with the relevant Party's normal time allocation practices.

1.31 "FTE Cost" means, for any period, the FTE Rate multiplied by the number of FTEs in such period.

1.32 "FTE Rate" means a rate of *** per FTE per Calendar Year (pro-rated for the period beginning on the Effective Date and ending at the end of the first Calendar Year) for personnel engaged in Development and Manufacturing activities. The FTE Rate is "fully burdened" and will cover ***.

1.33 "Fully Burdened Manufacturing Cost" means with respect to a Program DART or Licensed Product, the aggregate of internal and external costs of MacroGenics and its Affiliates to Manufacture such Program DART or Licensed Product, calculated as follows: (a) to the extent that MacroGenics or its Affiliates perform all or any part of the Manufacturing of such Program DART or Licensed Product, the direct material costs *** and FTE Costs for such Manufacturing of such Program DART or Licensed Product ***, all calculated in accordance with applicable Accounting Standards as consistently applied by MacroGenics or its Affiliates; and (b) to the extent that Manufacturing of such Program DART or Licensed Product is performed by a Third Party, the costs paid to such Third Party for such activities *** and the reasonable direct FTE Costs incurred by MacroGenics or any of its Affiliates in managing and overseeing the Third Party relationship, determined in accordance with applicable Accounting Standards as consistently applied by MacroGenics or its Affiliates. Fully Burdened Manufacturing Cost shall also include ***.

1.34 "Generic Competition" means, with respect to a given Calendar Quarter with respect to a Licensed Product in any country, that during such Calendar Quarter, one (1) or more Third Parties sell in such country a Generic Product, such Generic Product shall be commercially

available in such country and such Generic Product shall have, in the aggregate, a *** or more market share of the aggregate of Licensed Products and Generic Products (based on data provided by IMS Health Incorporated, Fairfield, Connecticut) as measured on a ***, or if such data is not available, the Parties shall agree upon a methodology for estimating the percentage of unit sales based market share of Generic Products in such country.

1.35 "Generic Product" means, with respect to a particular Licensed Product commercialized by Servier in a particular country, any product (other than Licensed Products commercialized, directly or indirectly, by Servier, its Affiliates or Sublicensees, or by any authorized distributors of Servier, its Affiliates or Sublicensees) that either (a) is a "follow-on biologic" (FOB) or biosimilar or equivalent version to a Licensed Product, as defined by the competent Regulatory Authority, and administered in a similar dosage form as such Licensed Product or (b) for which a Third Party has received Regulatory Approval (based upon then-current applicable Laws governing approval of biological products) whose application for approval relies to a large extent (but not exclusively) on data generated for a Licensed Product, such as Regulatory Approval under section 505(b)(2) of the Federal Food Drug, and Cosmetic Act.

1.36 "Global Clinical Trial" means a Phase 1 Clinical Trial, a Phase 2 Clinical Trial or a Phase 3 Clinical Trial that may be applicable to obtaining Regulatory Approval of Licensed Products in both the Servier Territory and the MacroGenics Territory or relies on patient recruitment from both the Servier Territory and the MacroGenics Territory.

1.37 "Good Clinical Practices" or "GCP" means the then-current standards, practices and procedures (a) promulgated or endorsed by the FDA as set forth in the guidelines entitled "Guidance for Industry E6 Good Clinical Practice: Consolidated Guidance," including related regulatory requirements imposed by the FDA; (b) set forth in Directive 2001/20/EC of the European Parliament and of the Council of 4 April 2001 and Commission Directive 2005//28/EC of 8 April 2005; (c) ICH Guideline for Good Clinical Practice E6; (d) equivalent Laws of an applicable Regulatory Authority; and (e) all additional Regulatory Authority documents or regulations that replace, amend, modify, supplant or complement any of the foregoing.

1.38 "Good Laboratory Practices" or "GLP" means the then-current good laboratory practice standards promulgated or endorsed by the FDA as defined in 21 C.F.R. Part 58, as such regulations may be amended from time to time, and the equivalent regulations promulgated by the equivalent Regulatory Authority in the jurisdiction where Development activities are performed.

1.39 "Good Manufacturing Practices" or "GMP" means then-current standards for the manufacture of pharmaceutical products, pursuant to (a) the FD&C Act (21 U.S.C. 321 et seq.); (b) relevant United States regulations in Title 21 of the United States Code of Federal Regulations (including Parts 11, 210, and 211); (c) European Community Directives 2003/94 and 91/356/EC; (d) the European Community Guide to Good Manufacturing Practice for Medicinal Intermediate Products; (e) ICH Q7A Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients; (f) equivalent Laws of an applicable Regulatory Authority at the time of Manufacture; and (g) all additional Regulatory Authority documents or regulations that replace, amend, modify, supplant or complement any of the foregoing.

1.40 "Governmental Authority" means any United States federal, state or local or any non-United States government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any governmental arbitrator or arbitral body.

1.41 "gpA33" means the Target referred to as GPA33, cell surface A33 antigen, glycoprotein A33 (transmembrane), or A33 that is identified by Entrez Gene ID 10223.

1.42 "ICH" means the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

1.43 "IND" means an Investigational New Drug Application filed with FDA or a similar application filed with an applicable Regulatory Authority outside of the United States such as a clinical trial application (CTA).

1.44 "Independent Product" means one or more products, other than a Competing Product, that *** binds one of the Program Targets and ***.

1.45 "Indication" means a discrete clinically recognized form of a disease or *** any. For the avoidance of doubt, a cancerous disease, such as any of the Cancer Types, shall each be deemed to constitute a separate clinically recognized form of a disease, provided that ***.

1.46 "Initial Phase 1 Clinical Trial" means ***.

1.47 "Insolvency Event" means, with respect to any Party, the occurrence of any of the following: (a) such Party shall commence a voluntary case concerning itself under any bankruptcy, liquidation or insolvency code; (b) an involuntary case is commenced against such Party and the petition is not dismissed, bonded or stayed within ninety (90) days after commencement of the case; (c) a court-supervised custodian is appointed for, or takes charge of, all or substantially all of the property of such Party to continue undischarged or unstayed for a period of ninety (90) days; (d) any order of relief or other order approving any such case or proceeding is entered; (e) such Party is adjudicated insolvent or bankrupt; and (f) such Party makes a general assignment for the benefit of creditors.

1.48 "Joint IP" means all inventions and discoveries (and Patents claiming patentable inventions therein) first made or discovered jointly by one or more employees, consultants or agents of MacroGenics or its Affiliates, together with one or more employees, consultants or agents of Servier or its Affiliates in the course of the Research, Development, Manufacture or Commercialization of Program DARTs and/or Licensed Product.

1.49 "Know-How" means all tangible and intangible (a) information, techniques, technology, practices, trade secrets, inventions (whether patentable or not), methods, knowledge, know-how, skill, experience, data, results (including pharmacological, toxicological and non-clinical and clinical test data and results, and Research or Development data, reports and batch records), analytical and quality control data, analytical methods (including applicable reference standards), full batch documentation, packaging records, release, stability, storage and shelf-life data, Manufacturing process information, results and descriptions, and software and algorithms and (b) compositions of matter, cells, cell lines, assays, animal models and physical, biological or chemical material.

1.50 "Law" or "Laws" means all laws, statutes, rules, regulations, orders, judgments, or ordinances having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision.

1.51 "Licensed Product" means any therapeutic or prophylactic product that comprises or incorporates a Program DART as an active pharmaceutical ingredient alone or in combination with one or more other active agents.

1.52 "Licensed Program" means a Program for which (a) Servier exercised its Option in accordance with Section 3.3.3 and (b) MacroGenics has received the applicable License Grant Fee.

1.53 "License Term" means, with respect to a Licensed Program, each period commencing upon the License Grant Date for such Licensed Program and ending on the date of expiration or termination of this Agreement with respect to such Licensed Program in accordance with the provisions of ARTICLE 14.

1.54 ***

1.55 "MacroGenics Indemnitees" means MacroGenics, its Affiliates and the directors, officers and employees of MacroGenics and its Affiliates.

1.56 "MacroGenics IP" means the MacroGenics Know-How and the MacroGenics Patents.

1.57 "MacroGenics Know-How" means Know-How that is (a) Controlled by MacroGenics or its Affiliates on the Effective Date or thereafter during the Agreement Term; (b)(i) an improvement, modification, enhancement or novel use of a Program DART or Licensed Product or Diagnostic, or any improvement, modification or enhancement in the Manufacturing process or formulation of a Program DART or Licensed Product or Diagnostic by or on behalf of MacroGenics or its Affiliates; or (ii) disclosed by or on behalf of MacroGenics or its Affiliates to Servier or its Affiliates pursuant to this Agreement; and (c) necessary or useful to Research, Develop, Manufacture or Commercialize any Program DART or Licensed Product or Diagnostic in the Field in the Servier Territory. MacroGenics Know-How excludes MacroGenics' interest in the Joint IP.

1.58 "MacroGenics Patents" means Patents Controlled by MacroGenics or its Affiliates on the Effective Date or thereafter during the Agreement Term that claim or are directed to MacroGenics Know-How. The MacroGenics Patents existing as of the Effective Date are set forth on Exhibit B. MacroGenics Patents excludes MacroGenics' interest in the Joint IP.

1.59 "MacroGenics Territory" means the United States, Canada, Mexico, India, Japan, Korea and any Terminated Territory.

1.60 "MacroGenics Third Party Agreements" means (a) the agreement set forth on Exhibit C(1), and (b) any other agreement (including those listed in Exhibit C(2) and C(3)) pursuant to which MacroGenics licenses or acquires Patents or Know-How that relates to the Program DARTs or Licensed Products in the Field in the Servier Territory after the Effective Date pursuant to an agreement with a Third Party, the terms and conditions of which have been approved (not to be unreasonably withheld) by Servier before its execution by MacroGenics and which Servier and MacroGenics agree shall be deemed a MacroGenics Third Party Agreement, in which case Exhibit C shall be amended accordingly. For purposes of clarity, in the event that Servier does not approve the terms and conditions of any such proposed agreement with a Third Party, nothing herein shall be deemed to preclude MacroGenics from entering into such agreement with a Third Party; provided that such agreement with a Third Party shall not be deemed a MacroGenics Third Party Agreement hereunder.

1.61 "Manufacture" or "Manufacturing" means all activities related to the manufacturing of a DART or product, including ******* related to all of the foregoing.

1.62 "Manufacturing Process Development Costs" means the costs and expenses incurred by a Party or its Affiliates attributable to, or reasonably allocable to, the development of a Manufacturing process for Program DARTs or Licensed Products (including *******). "Manufacturing Process Development Costs" shall include (a) Out-of-Pocket Costs and (b) FTE Costs of internal personnel that are attributable or reasonably allocable to the development of a Manufacturing process for Program DARTs or Licensed Products determined in accordance with applicable Accounting Standards of such Party.

1.63 "Net Sales" means, in the case of sales by or for the benefit of Servier, its Affiliates, and its Sublicensees (the "Seller") to independent, unrelated persons ("Buyers") in bona fide arm's length transactions (except as provided below with respect to clinical trial samples), the gross amount billed or invoiced by Seller with respect to the Licensed Product during the Royalty Term, less the following deductions, in each case to the extent actually allowed and taken by such Buyers and not otherwise recovered by or reimbursed to Seller in connection with such Licensed Product ("Permitted Deductions"):

(a) ***

(b) ***

(c) ***

(d) ***

(e) ***

(f) ***

(g) ***

(h) ***

"Net Sales" shall not include any consideration received with respect to a sale, use or other disposition of any Licensed Product in a country as part of a clinical trial necessary to obtain Regulatory Approval in such country. All of the foregoing elements of Net Sales calculations shall be determined in accordance with IFRS or successor standards and guidelines thereto. In the case of transfers of Licensed Product between any of Servier, its Sublicensees, and Affiliates of any of the foregoing, for subsequent sale, rental, lease or other transfer of such Licensed Products to Third Parties, Net Sales shall be the gross invoice or contract price charged to the Third Party customer for that Licensed Product, less the deductions set forth in clauses *** above.

1.64 "Option Trigger Data Package" means a written report (including an electronic report) containing specified information and data for the indicated Research Program as follows, such list may be modified by the Parties subject to the Parties mutual written agreement:

(a) with respect to the CD123 Program: each of the following *******; and

(b) with respect to each of the A33 Program *******.

1.65 "Out-of-Pocket Costs" means, with respect to certain activities hereunder, direct expenses paid or payable by either Party or its Affiliates to Third Parties and specifically identifiable and incurred to conduct such activities for a Licensed Product.

1.66 "Patent" means (a) all patents and patent applications in any country or supranational jurisdiction, and (b) any substitutions, divisionals, continuations, continuations-in-part, provisional applications, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like of any such patents or patent applications.

1.67 "Person" means any individual, partnership, joint venture, limited liability company, corporation, firm, trust, association, unincorporated organization, governmental authority or agency, or any other entity not specifically listed herein.

1.68 "Phase 1 Clinical Trial" means a human clinical trial that is intended to initially evaluate the safety and/or pharmacological effect of a product or that would otherwise satisfy the requirements of 21 C.F.R. 312.21(a) or an equivalent clinical trial in a country other than the United States.

1.69 "Phase 2 Clinical Trial" means a human clinical trial for which the primary endpoints include a determination of dose ranges or an indication of efficacy of a product in patients being studied as described in 21 C.F.R. §312.21(b), or an equivalent clinical trial in a country other than the United States.

1.70 "Phase 3 Clinical Trial" means a human clinical trial that is prospectively designed to demonstrate statistically whether a product is safe and effective for use in humans in the indication being investigated in a manner sufficient to obtain Regulatory Approval to market such product in patients having the disease or condition being studied as described in 21 C.F.R. §312.21(c), or an equivalent clinical trial in a country other than the United States.

1.71 "PMDA" means the Japanese Pharmaceuticals and Medical Devices Agency or any successor agency thereto.

1.72 "Program" means a scientific and/or Development program undertaken by MacroGenics to generate and Develop DARTs that bind to a Program Target.

1.73 "Program DART" means any naked DART (i.e. without any drug or radioactive material attached to them) for which one arm principally binds to a Program Target, including the DARTs listed in Exhibit A, ***.

1.74 "Program Target" means one or more of the following Targets: (i) CD123, (ii) *** or (iii) gpA33

1.75 "Qualified Transaction" means a transaction MacroGenics desires to enter into with one or more Third Party(ies) with respect to one or more Independent Products, which transaction (a) ***; and (b) ***.

1.76 "Regulatory Approval" means the approval, license or authorization of the applicable Regulatory Authority necessary for Development and/or Commercialization of a Program DART and/or a Licensed Product for a particular Indication.

1.77 "Regulatory Authority" means the FDA in the United States or any health regulatory authority in another country that is a counterpart to the FDA and holds responsibility for allowing development of Program DARTs and/or granting Regulatory Approval for a Licensed Product in such country, including the EMA, and any successor(s) thereto.

1.78 "Regulatory-Based Exclusivity Period" means, with respect to a Licensed Product, that period of time during which Servier or any of its Affiliates or Sublicensees has been granted the exclusive legal right by a Regulatory Authority either to market and sell a Licensed Product in a country in the Servier Territory or the exclusive right to the use of or reference to clinical data in relation to a Licensed Product.

1.79 "Regulatory Documentation" means, with respect to the Program DARTs or Licensed Products, all INDs, BLAs, and other regulatory applications submitted to any Regulatory

Authority, copies of Regulatory Approvals, regulatory materials, drug dossiers, master files (including Drug Master Files, as defined in 21 C.F.R. §314.420 and any non-United States equivalents), and any other reports, records, regulatory correspondence, meeting minutes, telephone logs, and other materials relating to Regulatory Approval of the Program DARTs or Licensed Products (including any underlying safety and effectiveness data whether or not submitted to any Regulatory Authority), or required to manufacture, distribute or sell Licensed Products including any information that relates to pharmacology, toxicology, chemistry, manufacturing and controls data, batch records, safety and efficacy, and any safety database required to be maintained for Regulatory Authorities.

1.80 "Research" means the discovery, identification, research, characterization, modification, derivatization and optimization of pharmaceutical compounds.

1.81 "Research Plan" means a research plan developed by the Parties that sets forth the activities to be undertaken during the Option Period for a specific Program, which research plan may be amended from time to time by the JRDC.

1.82 "Research Term" means for each Program the period commencing with the Effective Date ***.

1.83 "Right of Reference or Use" means a "Right of Reference or Use" as that term is defined in 21 C.F.R. §314.3(b), and any non-United States equivalents.

1.84 "Safety Data" means adverse event information and other information (if any) required by one or more Regulatory Authorities to be collected or to be reported to such Regulatory Authorities under applicable Laws.

1.85 "Servier Collaboration IP" means the Servier Collaboration Know-How and the Servier Collaboration Patents.

1.86 "Servier Collaboration Know-How" means Know-How that is (a) Controlled by Servier or its Affiliates on the Effective Date or thereafter during the Agreement Term; (b) (i) an improvement, modification, enhancement or novel use of a Program DART or Licensed Product or Diagnostic, or any improvement, modification or enhancement in the Manufacturing process or formulation of a Program DART or Licensed Product or Diagnostic by or on behalf of Servier or its Affiliates; or (ii) disclosed by or on behalf of Servier or its Affiliates to MacroGenics or its Affiliates pursuant to this Agreement; and (c) necessary or useful to Research, Develop, Manufacture or Commercialize any Program DART or Licensed Product or Diagnostic in the Field. Servier Collaboration Know-How excludes Servier's interest in the Joint IP.

1.87 "Servier Collaboration Patent(s)" means Patents Controlled by Servier and its Affiliates on the Effective Date or thereafter during the Agreement Term claiming or directed to Servier Collaboration Know-How.

1.88 "Servier Indemnitees" means Servier, its Affiliates and the directors, officers and employees of Servier and its Affiliates.

1.89 "Servier Territory" means the entire world excluding the MacroGenics Territory.

1.90 "SFDA" means the Chinese State Food and Drug Administration or any successor agency thereto.

1.91 "Significant Patent" means any ***

1.92 "Sublicensee" means a Third Party to whom a Party, as permitted under this Agreement, grants a license or sublicense, as the case may be, under the MacroGenics IP or Servier IP to Research, Develop, Manufacture, Commercialize or use Program DARTs and/or Licensed Products in the Field or otherwise grants rights to distribute, promote or sell Licensed Products in the Field. For clarification purpose, a Party's subcontractor shall not be deemed a Sublicensee, but shall be subject to the provisions of Section 4.4.

1.93 "Target" means (a) ***

1.94 "Terminated Licensed Program" means with respect to a termination of this Agreement pursuant to ARTICLE 14, as applicable, (i) the Licensed Programs subject to such termination; and (ii) with respect to termination of this Agreement in its entirety, all Licensed Programs.

1.95 "Terminated Option" means with respect to a termination of this Agreement pursuant to ARTICLE 14, as applicable, (a) the Options subject to such termination; and (b) with respect to termination of this Agreement in its entirety, all Options.

1.96 "Terminated Territory" means with respect to a termination of this Agreement pursuant to ARTICLE 14, as applicable, (a) the country(ies) subject to such termination; and (b) with respect to termination of this Agreement in its entirety, the Servier Territory.

1.97 "Third Party" means any Person other than MacroGenics or Servier that is not an Affiliate of MacroGenics or of Servier.

1.98 "United States" or "U.S." means the United States of America and all of its territories and possessions.

1.99 "Valid Claim" means (a) a claim of an issued patent that has not expired or been abandoned, or been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final and non-appealable judgment (or judgment from which no appeal was taken within the allowable time period) or (b) ***.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

1.100 Additional Definitions. Each of the following definitions is set forth in the section of this Agreement indicated below:

Definition:	Section:
Alliance Business-Development Manager	2.1
Alliance R&D Manager	2.2
Arbitration Request	16.2.1
Audited Party	9.10
Auditing Party	9.10
Bankruptcy Code	4.7
Breaching Party	14.2
Buy-In Amount	5.4.2(b)(iv)
Buy-In Party	5.4.2(b)(ii)
Clinical Supply Agreement	7.2.1
Co-Chairperson	2.7
Commercial Supply Agreement	7.2.2
Commercialization Plan	8.4
Commercializing Party	8.1
Confidential Information	11.1
De Minimis Overage Amount	5.5.2(a)
Development Budget	5.3.1
Development Collaboration Proposal	5.4.2(b)
Disclosing Party	11.1
Excess Overage Amount	5.5.2(a)
Effective Date	Preamble
Existing Confidentiality Agreement	11.4
Global Development Plan	5.3.1
***	16.2.3
IdRS	Preamble
***	9.3.1
Indemnified Party	13.3
Indemnifying Party	13.3
Initial Development Budget	5.5.2
Initiating Party	10.4.3
Inspected Party	6.3.2
JEC	2.4.1
Joint Patents	10.3.3(a)
JRDC	2.6.1
JSC	2.5.1
License Grant Date	3.3.3(a)
License Grant Fee	9.2
LLS	Preamble
Losses	13.1
M&A Event	16.4
MacroGenics	Preamble

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Definition:	Section:
MacroGenics Product Patents	10.3.1(a)
Non-Arbitrable Dispute	16.1.2
Non-Breaching Party	14.2
Option	3.3.3(a)
Option Grant Fee	9.1
Option Period	3.3.3(a)
Party or Parties	Preamble
Project Director	2.3
Proposed Development Plan Amendment	5.4.2(a)
Receiving Party	11.1
Reconciliation Payment	5.5.2(c)
Research Program	3.1
Responsible Party	10.3.3(b)
Royalty Term	9.5.2
SDEA Agreement	6.5.1
Servier	Preamble
Servier Product Patents	10.3.2(a)
Supplemental Data	3.2.1

ARTICLE 2
GOVERNANCE

2.1 Alliance Business-Development Managers. Within thirty (30) days following the Effective Date, each Party shall appoint (and notify the other Party of the identity of) a representative to act as its business development alliance manager for each Program under this Agreement ("Alliance Business-Development Manager"). The Alliance Business-Development Managers shall be there to coordinate any business related activities under this Agreement. Each Alliance Business-Development Manager shall attend all JSC meetings and may bring any matter in relation to business regarding such Program to the attention of any committee if such Alliance Business-Development Manager reasonably believes that such matter warrants such attention. Each Party may replace an Alliance Business-Development Manager which it appointed upon written notice to the other Party.

2.2 Alliance R&D Managers. Within thirty (30) days following the Effective Date, each Party shall appoint (and notify the other Party of the identity of) a representative to act as its alliance research and development manager for each Program under this Agreement ("Alliance R&D Manager"). With regard to Research and Development activities, the Alliance R&D Managers shall serve as the primary contact points for their designated Programs between the Parties and shall be primarily responsible for facilitating the flow of information, interaction and

collaboration between the Parties and shall be responsible for ensuring that the governance procedures and rules set forth herein are complied with. Each Alliance R&D Manager shall attend the meetings of the JRDC and the JSC and may bring any matter in relation to such Program to the Research and Development management to the attention of any committee, if such Alliance R&D Manager reasonably believes that such matter warrants such attention. Each Party may replace an Alliance R&D Manager it appointed upon written notice to the other Party.

2.3 Project Directors. Within thirty (30) days following the Effective Date each Party shall appoint (and notify the other Party of the identity of a representative to act as its project director for the Programs ("Project Director"). The Project Director shall be responsible for the follow-up of the respective Research and Development activities under this Agreement for his/her designated Program on a regular basis. The Project Director shall attend the meetings of the JRDC, and may bring any matter in relation to the project management to the attention of the JSC, if such Project Director reasonably believes that such matter warrants such attention. Each Party may replace its Project Director upon written notice to the other Party.

2.4 Joint Executive Committee.

2.4.1 Composition. Promptly after the Effective Date, the Parties shall establish a joint executive committee (the "JEC"). The JEC shall be comprised of up to three (3) senior executives from each Party. Either Party may, from time to time, invite additional representatives or consultants to attend JEC meetings, subject to such representative's and consultant's written agreement to comply with confidentiality obligations substantially the same as those set forth in ARTICLE 11. Each Party shall bear its own expenses related to the attendance at JEC meetings by its representatives.

2.4.2 Function and Powers of the JEC. The JEC shall manage the overall collaboration between the Parties, resource allocation and major changes to the collaboration requiring amendments to this Agreement and shall resolve disagreements that may arise at the JSC.

2.5 Joint Steering Committee.

2.5.1 Composition. Promptly after the Effective Date, the Parties shall establish a joint steering committee (a "JSC"). The JSC shall be comprised of three (3) named representatives of Servier and three (3) named representatives of MacroGenics (or such other number as the Parties may agree) as well as each Party's Alliance Business-Development Manager and Alliance R&D Manager. As soon as practicable after the Effective Date (but in no event more than thirty (30) days after the Effective Date), each Party shall designate by written notice to the other Party its initial representatives on the JSC. Each Party may replace one or more of its representatives, in its sole discretion, effective upon written notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge. Either Party may, from time to time, invite additional representatives or consultants to attend JSC meetings, subject to such representative's and consultant's written agreement to comply with confidentiality obligations substantially the same as those set forth in ARTICLE 11. Each Party shall bear its own expenses related to the attendance at JSC meetings by its representatives. The JSC shall be co-chaired by a representative from each Party.

2.5.2 Function and Powers of the JSC. The JSC's responsibilities shall be limited to matters regarding the Programs: (a) coordinating the activities of the Parties, including facilitating communications between the Parties with respect to the Development, Manufacture and Commercialization of Program DARTS and Licensed Products; (b) providing a forum for discussion of the Development, Manufacture, and Commercialization of Licensed Products; (c) reviewing and approving each Research Plan and Global Development Plan and associated Development Budget and any annual or interim updates and proposed amendments thereto; (d) reviewing and discussing Servier's Commercialization Plan and related activities with respect to Licensed Products throughout the Servier Territory and (if applicable) the MacroGenics Territory, including pre-launch and go-to-market strategies; (e) directing and overseeing the JRDC and any operating subcommittee established by the JSC, on all significant issues that fall within the purview of such committees; (f) attempting to resolve issues presented to it by, and disputes within, the other committees, including the JRDC and any of its subcommittees, in accordance with Section 2.9; and (g) considering and acting upon such other matters as specified in this Agreement.

2.5.3 Subcommittees. The JSC may establish and disband such subcommittees as deemed necessary by the JSC. Each such subcommittee shall consist of the same number of representatives designated by each Party, which number shall be mutually agreed by the Parties. Each Party shall be free to change its representatives on written notice to the other Party or to send a substitute representative to any subcommittee meeting. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE 11. Except as expressly provided in this Agreement, no subcommittee shall have the authority to bind the Parties hereunder and each subcommittee shall report to the JSC for its designated Program.

2.6 Joint Research and Development Committee and Subcommittees.

2.6.1 Composition. Promptly after the Effective Date, the Parties shall establish a joint research and development committee (the "JRDC"). The JRDC shall be comprised of three (3) named representatives of Servier and three (3) named representatives of MacroGenics (or such other number as the Parties may agree) as well as each Party's Project Director. As soon as practicable after the Effective Date (but in no event more than thirty (30) days after the Effective Date), each Party shall designate by written notice to the other Party its initial representatives on the JRDC. Each Party may replace one or more of its representatives, in its sole discretion, effective upon written notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge, and ongoing familiarity with the Research and Development activities hereunder. Either Party may, from time to time, invite additional representatives or consultants to attend JRDC meetings, subject to such representative's and consultant's written agreement to comply with confidentiality obligations substantially the same as those set forth in ARTICLE 11. Each Party shall bear its own expenses related to the attendance at JRDC meetings by its representatives. The JRDC shall be co-chaired by a representative from each Party.

2.6.2 Function and Powers of the JRDC. The JRDC's responsibilities shall be limited to matters regarding the Programs and Licensed Programs and shall include the following activities for each Program or Licensed Program, as applicable: (a) during the Research Term, proposing the Research Plan for such Program, proposing any changes or amendments to the Research Plan for approval by the JSC; (b) during the Research Term, reviewing and monitoring progress for all activities performed under the Research Plan and provide regular updates on the status of the Option Trigger Data Package; (c) during the License Term, proposing the initial Global Development Plan, coordinating the activities of the Parties under and overseeing the implementation of the Global Development Plan; (d) during the License Term, preparing annual and interim updates to the Global Development Plans; (e) during the Agreement Term, serving as a forum for and facilitating communications between the Parties with respect to the Research and Development of Licensed Products, including any joint Development activities to be pursued by the Parties during the License Term; (f) during the License Term, monitoring and coordinating all regulatory actions, communications and submissions for Licensed Products; (g) informal resolution of disagreements that may arise in the relation to the Parties activities under the Research Program and the Global Development Plan; and (h) considering and acting upon such other matters as specified in this Agreement.

2.7 Co-Chairpersons. Each Party shall designate one of its members of the JSC and JRDC, respectively, as a co-chairperson (each, a "Co-Chairperson") of such committee. The Co-Chairpersons shall have the following roles and responsibilities: (a) to call meetings of the relevant committee, send notice of each such meeting and designate the time, date and place of each such meeting; (b) to convene or poll the members of the relevant committee by other permitted means; (c) to establish a reasonably detailed agenda, including identification of relevant supporting information and materials to be discussed during such meeting, for each meeting of the relevant committee, subject to the right of any member of such committee to add additional agenda items at any meeting; and (d) to promptly draft and finalize minutes of each meeting of such committee, for review and approval by members of such committee at the following meeting. Each Co-Chairperson shall sign and date the final minutes.

2.8 Committee Meetings. Frequency. The JRDC and each of the subcommittees shall each hold at least one (1) meeting per Calendar Quarter at such times during such Calendar Quarter as the co-chairpersons elect to do so and the JSC and JEC shall hold at least one (1) meeting per Calendar Year as the co-chairpersons elect to do so.

2.8.1 Quorum; Location. Except where a Party fails to appoint a member or members to the JEC, JSC, JRDC or any subcommittee or fails to participate in meetings of the JEC, JSC, JRDC or any subcommittee, meetings of the JEC, JSC, JRDC and subcommittee, respectively, shall be effective only if at least one (1) representative of each Party is present or participating. The JEC, JSC, JRDC and subcommittee may meet either (a) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (b) by audio or video

teleconference; provided that no less than one (1) meeting during each Calendar Year shall be conducted in person. Additional meetings of the JEC, JSC, JRDC and subcommittee may also be held with the consent of each Party, or as required under this Agreement, and neither Party shall unreasonably withhold its consent to hold such additional meetings. Each Party shall be responsible for all of its own expenses incurred in connection with participating in all such meetings.

2.8.2 Cooperation. Each Party shall provide the JSC and JRDC such information as required under each Research Plan or Global Development Plan, as applicable, or reasonably requested by the other Party and reasonably available, relating to the progress of the goals or performance of activities under, as applicable, each such Research Plan or Global Development Plan.

2.9 Decisions.

2.9.1 Initial Dispute Resolution Procedures. Subject to the provisions of this Section 2.9, actions to be taken by the JEC, JSC, JRDC and subcommittees shall be taken only following a **** ****. If the JRDC or any subcommittee **** on a matter before it for decision for a period in excess of ****, the matter shall be referred to the JSC. If the JSC fails to reach unanimous agreement on a matter before it for decision for a period in excess of ****, the matter shall be referred to the JEC.

2.9.2 Conduct of Development during the Option Period. Notwithstanding any other provision in this Agreement, unless otherwise agreed upon to the contrary by the Parties, ***. MacroGenics shall reasonably consult with Servier regarding the conduct of preclinical and clinical studies and shall reasonably consider any input provided by Servier with respect thereto. For clarification purposes MacroGenics shall not have the ability to alter the the specified information and data required for the Option Trigger Data Package set forth in Section 1.63.

2.9.3 Final Decision-Making. If the JEC fails to reach **** on a matter before it for decision for a period in excess of ****, during the License Term for a Licensed Program, **** **** any matter involving the Development or Commercialization of Program DARTs and Licensed Products in the Field in the Servier Territory for such Licensed Program and the JEC representatives appointed by MacroGenics shall have the deciding vote on any matter involving the Development or Commercialization of Program DARTs and Licensed Products in the Field in the MacroGenics Territory for such Licensed Program.

2.9.4 Exceptions. Notwithstanding the foregoing, neither Party shall exercise its right to finally resolve a dispute pursuant to Section 2.9.3:

(a) in a manner that excuses such Party from any of its obligations specifically enumerated under this Agreement;

(b) in a manner that negates any consent rights or other rights specifically allocated to the other Party under this Agreement;

(c) during the License Term, to increase Development Costs for the other Party for any Global Clinical Trial for a given Calendar Year by more than *** above the Initial Development Budget for such Global Clinical Trial;

(d) to resolve any dispute regarding whether a Party may conduct Development or Commercialization activities in the other Party's territory;

(e) to resolve any dispute regarding whether a milestone event set forth in Section 9.3 has been achieved; or

(f) in a manner that would require the other Party to perform any act that it reasonably believes to be inconsistent with any Law or any approval, order, policy or guidelines of a Regulatory Authority.

2.10 Authority. The JEC, JSC, JRDC and any subcommittee shall have only the powers assigned expressly to it in this ARTICLE 2 and elsewhere in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the JEC, JSC, JRDC or subcommittee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing.

2.11 Representatives. For purposes of clarity, a Party may appoint the same person to simultaneously serve as the Alliance Business Development Manager, Alliance R&D Manager, and/or Project Director for a Program or multiple Programs for such Party and/or serve on multiple committees established pursuant to this ARTICLE 2.

ARTICLE 3
RESEARCH AND DEVELOPMENT; EXCLUSIVE OPTION

3.1 Research Overview. Pursuant to this Agreement and as further provided in this ARTICLE 3, MacroGenics and Servier shall conduct the research activities indicated in each Research Plan during each Research Term for each Program (each a "Research Program"). The primary objective of each Research Program is to generate, create and/or obtain the data and documentation necessary to complete the Option Trigger Data Package for such Program. Neither Party warrants that any Research Program shall achieve any of the research objectives contemplated in its Research Plan. At the end of the applicable Research Term, each Party's obligation to conduct such Research Program shall cease unless the Parties mutually agree to extend its Research Term.

3.2 Conduct of the Research Programs.

3.2.1 Research Plan. *** after the Effective Date, the JRDC will prepare a Research Plan for each Program to be submitted for approval by JSC. The Parties may mutually agree to specify in a Research Plan activities to be conducted by Servier to generate additional

pre-clinical and clinical data to be shared by both Parties (the "Supplemental Data"). Servier shall disclose to MacroGenics all Supplemental Data for a Research Program within *** after the completion of such activities and MacroGenics shall have the right to use such Supplemental Data in order to Develop, obtain Regulatory Approval for and Commercialize Licensed Products. For the *** and the gpA33 DART Program, ***. Neither the availability and finalization of such Supplemental Data nor any modification to the Initial Phase 1 Clinical Trial that the Parties may agree upon shall in any way delay the timing of the delivery of the Option Trigger Data Package to Servier in accordance with Section 3.3.2. To the extent that any provision of a Research Plan conflicts or is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control.

3.2.2 Diligence. MacroGenics and Servier shall use Commercially Reasonable Efforts to conduct each Research Program in a good scientific manner and in accordance with the applicable Research Plan.

3.2.3 Expenses. Except as otherwise set forth elsewhere in this Agreement, each Party shall bear its own costs and expenses of conducting the activities allocated to such Party under each Research Plan, including the costs of clinical supply of Program DARTs and Licensed Products.

3.2.4 Reports. MacroGenics and Servier shall provide written progress reports on the status of its Research and Development activities under each Research Plan, including summaries of data generated in the applicable Research Program, at least *** in advance of each JRDC meeting.

3.3 Evaluation of Option Trigger Data Package; Option Exercise.

3.3.1 Limited Evaluation License; Supply. MacroGenics hereby grants Servier an exclusive, royalty and other fee-free license, with the right to sublicense only to Servier's Affiliates, under MacroGenics IP, to (a) conduct the activities, if any, allocated to Servier under each Research Plan and (b) use the Option Trigger Data Package for each Research Program solely for purposes of evaluating Program DARTs to determine whether to exercise its Option for the Program that is subject to such Option.

3.3.2 Delivery of Option Trigger Data Package. MacroGenics shall provide Servier with each Option Trigger Data Package ***.

3.3.3 Option Exercise.

(a) For each Program, Servier shall have an exclusive option to obtain an exclusive license under MacroGenics IP to Research, Develop and Commercialize Program DARTs and Licensed Products from such Program in the Field in the Servier Territory (each an "Option"). Servier may exercise each such Option by providing MacroGenics written notice within *** after the receipt of the Option Trigger Data Package for the corresponding Program (each an "Option Period"). In the event Servier elects to exercise an Option, it shall, no later than

the end of the last day of the Option Period for such Option, deliver to MacroGenics (i) written notice specifying that Servier has elected to exercise the Option, and (ii) payment of the corresponding License Grant Fee. Provided Servier has properly exercised the Option in accordance with the preceding sentence, the later of the date of the written notice and receipt by MacroGenics of the License Grant Fee shall be the "License Grant Date" of the resulting Licensed Program. The Research Term and Option Period will be deemed to have ended for such Program, and the License Term of such Licensed Program will be deemed to have commenced, on such License Grant Date.

(b) Upon the exercise by Servier of an Option in accordance with this Section 3.3, the provisions set forth in Sections 4.1, 4.2 and 4.3 of this Agreement shall constitute the terms and conditions of the license and sublicense rights granted by MacroGenics to Servier with respect to Licensed Products and the MacroGenics IP from the Licensed Program that was licensed under such Option in the Field in the Servier Territory, and by Servier to MacroGenics with respect to Servier IP and Licensed Products from such Licensed Program in the Field in the MacroGenics Territory. During each period commencing on the Effective Date and ending on the expiration of an Option Exercise Period, MacroGenics will not grant a license or other rights to any Third Party or take any other action that would prevent MacroGenics from being able to grant to Servier the license set forth in Section 4.1 for the Program that is subject to such Option. In the event Servier does not exercise the Option for a Program during the applicable Option Exercise Period, with regard to such Program Servier (i) Servier's Option shall expire and all right and interest with respect to the Program DARTs, Licensed Products and MacroGenics IP for such Program shall revert to MacroGenics; (ii) Servier shall have no right to or interest in such Program DARTs and Licensed Products; (iii) the license granted to Servier under Section 3.3.1 shall terminate; (iv) the licenses and other rights granted under ARTICLE 4 shall have no force or effect; (v) Servier shall and hereby does assign and transfer to MacroGenics all right, title and interest in and to the Supplemental Data; (vi) ***

ARTICLE 4
GRANT OF RIGHTS; EXCLUSIVITY

4.1 License Grant to Servier. Subject to the terms of this Agreement, upon MacroGenics' receipt of a License Grant Fee with respect to a Licensed Program, MacroGenics shall and hereby does grant Servier (a) an exclusive, royalty-bearing, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics IP and MacroGenics' and its Affiliates' interests in Joint IP, to Research, Develop, Manufacture and Commercialize, Program DARTs and Licensed Products from such Licensed Program in and for the Servier Territory in the Field; (b) an exclusive, royalty-bearing, non-transferable (except in accordance

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics IP and MacroGenics' and its Affiliates' interests in Joint IP, to Research, Develop, Manufacture and Commercialize Diagnostics for use solely with Program DARTs and Licensed Products from such Licensed Program in the Field in and for the Servier Territory; and (c) a non-exclusive, royalty-bearing, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics IP and MacroGenics' and its Affiliates' interests in Joint IP and Servier Collaboration IP, to Research, Develop and Manufacture Program DARTs and Licensed Products from such Licensed Program in the MacroGenics Territory for the sole purpose of using, offering for sale and selling such Licensed Products in, and importing such Program DARTs and such Licensed Products into, the Servier Territory in the Field; provided however, that Servier shall not, directly or indirectly, conduct clinical trials or other clinical studies, including any investigator initiated studies, in the MacroGenics Territory using Program DARTs or Licensed Products without the prior approval of the JRDC.

4.2 License Grant to MacroGenics. Subject to the terms of this Agreement, upon MacroGenics' receipt of a License Grant Fee with respect to a Licensed Program, Servier hereby grants MacroGenics: (a) an exclusive, royalty-free, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under Servier Collaboration IP and Servier's and its Affiliates' interest in Joint IP, to Research, Develop, Manufacture and Commercialize Program DARTs and Licensed Products from such Licensed Program in the Field in and for the MacroGenics Territory; (b) an exclusive, royalty-free, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under Servier Collaboration IP and Servier's and its Affiliates' interest in Joint IP, to Research, Develop, Manufacture and Commercialize Diagnostics for use solely with Program DARTs and Licensed Products from such Licensed Program in the Field in and for the MacroGenics Territory; and (c) a non-exclusive, royalty-free, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under Servier Collaboration IP and Servier's and its Affiliates' interest in Joint IP, to Research, Develop and Manufacture Program DARTs and Licensed Products under the corresponding Licensed Program in the Servier Territory for the sole purpose of using, offering for sale and selling Licensed Products in, and importing Program DARTs and Licensed Products from the corresponding Licensed Program into, the MacroGenics Territory in the Field; provided however, that MacroGenics shall not, directly or indirectly, conduct clinical trials or other clinical studies, including any investigator initiated studies, in the Servier Territory using Program DARTs or Licensed Products without the prior approval of the JRDC.

4.3 Sublicenses. Each Party shall have the right to grant sublicenses within the scope of the licenses under Section 4.1 or 4.2, as applicable, solely to its Affiliates and to Third Parties that are conducting Research, Development, Manufacture and/or Commercialization activities with such Party or its Affiliates with respect to Program DARTs and Licensed Products; provided that any sublicense granted to Third Party collaborators under this Agreement shall be pursuant to a written agreement that subjects such sublicensee to all relevant restrictions and limitations set forth in this Agreement, including the confidentiality provisions of ARTICLE 11. If either Party grants a sublicense to a Third Party as permitted by this Section 4.3, then such Party shall provide the other Party prompt written notice thereof and shall provide the other Party with an executed copy of any such sublicense (redacted as necessary to protect confidential or commercially sensitive information). Except as otherwise agreed by the Parties in writing, each Party shall be jointly and severally responsible with its sublicensees to the other Party for failure by its sublicensees to comply with this Agreement.

4.4 Subcontracting. Subject to the terms of this Agreement, each Party shall have the right to engage Affiliates, licensees, Sublicensees or Third Party subcontractors to perform activities ascribed to such Party, under this Agreement. Any Affiliate, licensee or subcontractor to be engaged by a Party to perform a Party's obligations under this Agreement shall meet the qualifications typically required by such Party for the performance of work similar in scope and complexity to the subcontracted activity; provided that any Party engaging an Affiliate, licensee or subcontractor hereunder shall remain principally responsible and obligated for such activities. In addition, each Party engaging a licensee, Sublicensee or subcontractor shall obtain Control of any and all Know-How, Patents or other intellectual property rights created, discovered, invented, conceived or reduced to practice by such licensee, Sublicensee or subcontractor with respect to any Program DART or Licensed Product so that the other Party is not impeded from carrying out its rights and responsibilities under this Agreement by such Know-How, Patents or other intellectual property rights. To the extent a Party cannot obtain assignment of, or an exclusive license to, all Know-How, Patents and other intellectual property rights created, discovered, invented, conceived or reduced to practice by any licensee, Sublicensee or subcontractor engaged by such Party with respect to any Program DART or Licensed Product or in the performance of activities under this Agreement at the time such Party initially enters into such arrangement with such licensee, Sublicensee or subcontractor, such Party shall bring such matter to the JSC for the prior approval of such arrangement and for the express approval by the JRDC of the licensing terms and conditions with respect to such arrangement.

4.5 MacroGenics Third Party Agreements. Servier acknowledges and agrees that the rights, licenses and sublicenses granted by MacroGenics to Servier under this Agreement may be or are subject to the terms of the MacroGenics Third Party Agreements. Servier covenants to comply with, and to cause its Affiliates and Sublicensees to comply with, the MacroGenics Third Party Agreements, and to take any action or provide any information reasonably requested by MacroGenics, to prevent any potential breach of any terms of such MacroGenics Third Party Agreements. To the extent there is a conflict between the terms of any MacroGenics Third Party Agreement and the rights granted to Servier hereunder, the terms of such MacroGenics Third Party Agreement shall control solely with respect to the Patents and Know-How owned or controlled by such Third Party licensor. MacroGenics shall not terminate or consent to the termination of the MacroGenics Third Party Agreement without Servier's prior reasonable consent if such termination would materially adversely affect Servier's license granted hereunder; however, for clarity, MacroGenics may (a) terminate any MacroGenics Third Party Agreement by acquiring all of the relevant intellectual property licensed thereunder, in which case Servier agrees to consent to such termination of such MacroGenics Third Party Agreement; and (b) terminate its obligation to make royalty and milestone payments by making a lump-sum payment.

4.6 Rights Retained by the Parties. Any rights of MacroGenics or Servier, as the case may be, not expressly granted to the other Party pursuant to this Agreement shall be retained by such Party. Notwithstanding the exclusive licenses granted to Servier pursuant to Section 4.1,

MacroGenics retains the right to practice under the MacroGenics IP and Joint IP to perform (and to sublicense Third Parties to perform) its obligations under this Agreement and any supply agreement entered into in accordance with ARTICLE 7, including for the purpose of performing its activities in connection with clinical trials for Licensed Products and any related manufacture of Program DARTs and Licensed Products.

4.7 Section 365(n) of the Bankruptcy Code. All rights and licenses granted under or pursuant to any section of this Agreement are and will otherwise be deemed to be for purposes of Section 365(n) of the United States Bankruptcy Code (Title 11, U.S. Code), as amended (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined in Section 101(35A) of the Bankruptcy Code. The Parties will retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code. Each Party agrees that the other Party, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code or any other provisions of applicable Law outside the United States that provide similar protection for "intellectual property." The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the U.S. Bankruptcy Code or analogous provisions of applicable Law outside the United States, the other Party will be entitled to a complete duplicate of (or complete access to, as appropriate) such intellectual property and all embodiments of such intellectual property, which, if not already in such Party's possession, will be promptly delivered to it upon such Party's written request thereof. Any agreements supplemental hereto will be deemed to be "agreements supplementary to" this Agreement for purposes of Section 365(n) of the Bankruptcy Code.

4.8 Exclusivity. For the period commencing with the Effective Date and ending on the ******* of the Effective Date (subject to earlier termination pursuant to Article 14), other than with respect to the Development and Commercialization activities pursuant to this Agreement, neither Party nor its Affiliates shall, directly or indirectly, (a) initiate or conduct clinical development for a Competing Product in each other's respective territory; or (b) Commercialize a Competing Product in the other Party's territory. During such *******, a Third Party that acquires all of the outstanding shares of a Party and has a Competing Product in Development at the time of such acquisition shall have the right to (i) continue any ongoing Clinical Trials it is conducting with such Competing Product; and (ii) initiate Clinical Trials in an Indication for which such Third Party previously conducted a Clinical Trial with the Competing Product provided that under such scenario the provisions of section 4.9. below shall apply.

4.9 Consequences of Development and Commercialization of Competing Products. Subject to Section 4.8, in the event MacroGenics or Servier, directly or indirectly conducts clinical Development for or Commercializes a Competing Product in the other Party's territory, the other Party shall have the right, within *** after becoming aware of such Development or Commercialization activities with respect to a Competing Product, to provide written notice to the Party Developing or Commercializing the Competing Product, of its election to have the following apply to the Licensed Products that bind to the same Program Target as such Competing Product:

4.9.1 The Parties' reporting and information sharing obligations *** with respect to such Licensed Product except with respect to ***. The responsibilities of the JRDC with respect to such Licensed Product shall be limited to the ongoing exchange of information and cooperation necessary after the termination of information sharing obligations pursuant to this Section. For purposes of clarity, nothing in this Section 4.9 shall require either Party to disclose to the other Party any information regarding its Development or Commercialization plans for such Licensed Product which it deems to be ***.

4.9.2 Each Party shall continue to have the right to possess, retain and use all clinical and non-clinical data and related Regulatory Documentation Controlled by either Party and provided to it prior to the termination of such information sharing obligations in order to Develop and Commercialize Licensed Products in the Field in such Party's territory in accordance with the terms of this Agreement.

4.9.3 If MacroGenics directly or indirectly Commercializes a Competing Product in *** for the same *** as is being Commercialized by Servier, its Affiliates or Sublicensees for a Licensed Product, Servier shall *** that would otherwise be due to MacroGenics resulting from the Development and Commercialization of such Licensed Product for the same Cancer Type as such Competing Product, in such country.

4.9.4 If Servier directly or indirectly Commercializes a Competing Product in *** for the same *** as is being Commercialized by MacroGenics, its Affiliates or Sublicensees for a Licensed Product, the royalty and milestone payment obligations under Sections 9.3, 9.4 and 9.5 shall be *** resulting from the Development and Commercialization of such Licensed Product for the same Cancer Type as such Competing Product, in such country.

4.10 Right of First Negotiation for Independent Product. If at any time during the Agreement Term MacroGenics or its Affiliates desires to enter into a Qualified Transaction, MacroGenics shall notify Servier of such intent and propose to Servier to enter into negotiations with respect to the subject matter of such Qualified Transaction, identifying the applicable Independent Product(s) that is(are) proposed to be the subject of such Qualified Transaction. Servier shall have *** from receipt of such written notice to notify MacroGenics in writing as to whether Servier desires to negotiate for such rights, and if Servier so notifies MacroGenics that it does desire to negotiate for such rights, Servier and MacroGenics shall have *** from the date of such notification to negotiate and enter into a definitive agreement for such rights; provided that, if either Servier does not provide such written notice within such *** period or Servier and MacroGenics do not enter into a definitive agreement within such *** period, MacroGenics shall be free to enter into negotiations and agreements with Third Parties relating to such Qualified Transaction, provided however that if, within *** after such negotiations with Servier terminate, MacroGenics should *** of such terms, and Servier shall have a period of *** following receipt of the same to notify MacroGenics as to whether Servier would be prepared to accept such terms (subject to execution of a mutually acceptable license agreement) in which case the Parties will use commercially reasonable efforts to conclude such license agreement within *** after Servier notifies MacroGenics of the same. If the Parties cannot conclude such license agreement or such ***, the Parties agree that, MacroGenics shall be free to enter into negotiations and agreements with Third Party(ies) relating to such Qualified Transaction during the remainder of the Agreement Term without further obligation to Servier.

4.11 Diagnostics. The Parties acknowledge and agree that each Party shall have the right to use Diagnostics in combination with Competing Products Researched, Developed or Commercialized by such Party.

ARTICLE 5
DEVELOPMENT DURING THE LICENSE TERM

5.1 Overview. During each License Term, (a) Servier will, subject to the terms of this Agreement, be responsible for the Development of Licensed Products from the corresponding Licensed Program in the Field for the Servier Territory, and (b) MacroGenics will remain responsible for Development of Licensed Products from the same Licensed Program in the Field in the MacroGenics Territory. While the Parties may choose, at their sole discretion, to work together on particular projects, except as otherwise provided in this Agreement, the Parties will operate independently in their activities for their respective Development of Licensed Products, but will provide access to certain information to the JRDC and to each other as expressly described in this Agreement.

5.2 Servier Obligations. Servier shall use Commercially Reasonable Efforts to Develop Licensed Products from each Licensed Program in the Servier Territory. Servier shall be deemed to not have used Commercially Reasonable Efforts to Develop Licensed Products from a Licensed Program in the Servier Territory, and MacroGenics shall have the right to terminate this Agreement in accordance with Section 14.2, if at any point in time prior to the First Commercial Sale of a Licensed Product under such Licensed Program, Servier fails to undertake Development activities, with the intention of rapidly advancing a Licensed Product under such Licensed Program toward registration (and not for the sole purpose of preserving rights hereunder) during at least the preceding ***.

5.3 Development Activities.

5.3.1 Global Development Plan. During the License Term for each Licensed Program, the Development of Licensed Products under this Agreement under such Licensed Program shall be conducted pursuant to a reasonably comprehensive written research and development plan (each, a "Global Development Plan"), which shall include a detailed budget for all Development Costs and Manufacturing Process Development Costs (each, a "Development Budget"), and which shall include the resource allocations for the Parties based upon the general principle that the allocation shall endeavor to take advantage of the respective resources, capabilities and expertise of MacroGenics and Servier, respectively. Within *** after the License Grant Date, the JRDC shall prepare an initial draft of the Global Development Plan for approval by the JSC for such Licensed Program. Each Global Development Plan also shall set forth the specific activities (including non-clinical and clinical studies to be conducted by each Party) and the estimated timeline for Development of Licensed Products licensed under such Licensed Program in order to obtain the data that the Parties intend will be useful, by both Parties, to obtain Regulatory Approvals of the Licensed Products in both the United States, and the EU. Servier shall be the sponsor of all clinical studies conducted in the Servier Territory and shall be solely responsible for Development activities and for obtaining Regulatory Approval for Licensed Products in the Servier Territory, and MacroGenics shall be the sponsor of all clinical studies conducted in the MacroGenics Territory and shall be solely responsible for Development activities and for obtaining Regulatory Approval for Licensed Products in the MacroGenics Territory. The JRDC shall discuss which Party(ies) shall be the sponsor of all clinical studies conducted in countries of both the MacroGenics Territory and the Servier Territory under such Licensed Program.

5.3.2 Details in Global Development Plan. Without limiting Section 5.3.1, each Global Development Plan shall set forth, among other things, the following activities to be undertaken jointly or coordinated by Servier and MacroGenics:

(a) any non-clinical studies, toxicology studies, pharmaco-economic studies, process development studies and other clinical studies, whether pre- or post-approval and whether sponsored or merely supported by Servier or MacroGenics, in each case, together with all protocols, endpoints and investigators conducting such studies, with respect to Licensed Products in the Servier Territory and MacroGenics Territory;

(b) regulatory plans and other elements of obtaining and maintaining Regulatory Approvals in the Field in each country in the Servier Territory and MacroGenics Territory;

(c) the timeline for completing such Development activities; and

(d) the plans and timeline for preparing the necessary Regulatory Documentation and for obtaining Regulatory Approval in the Field in the Servier Territory and MacroGenics Territory.

5.4 Updating and Amending Development Plan and Development Budget; Additional Development Activities.

5.4.1 Development Plan Reviews and Updates. On or before January 1st of each Calendar Year during the License Term, the JRDC shall review, update and approve each Global Development Plan (including the Development Budget contained therein) which shall cover the Development activities and Manufacturing process development activities to be conducted with respect to the Development of Licensed Products subject to such Global Development Plan for use in the Field during the upcoming Calendar Year, and the JRDC shall, on at least a quarterly basis, review and update, as appropriate, each then-current Global Development Plan (including the Development Budget) to reflect any changes, reprioritizations of, or additions to the Global Development Plan.

5.4.2 Amendments to Development Plan; New Development Collaboration Proposals.

(a) Amendments to Development Plan. From time to time during the License Term, either Party may submit to the JRDC any proposed amendment of any Global Development Plan to amend the then-currently approved Development activities (such proposed amendment, a "Proposed Development Plan Amendment") for the JRDC's review and approval by the JSC. Any Proposed Development Plan Amendment shall contain, at a minimum, information supporting the rationale for the Proposed Development Plan Amendment related to Licensed Products from a scientific, regulatory and commercial standpoint, as well as an estimated developmental critical path, and an estimate of the cost of such Development. The JRDC shall consider any submitted Proposed Development Plan Amendment during its next scheduled meeting. Once approved by the JSC (or otherwise resolved pursuant to Section 2.9), each amended Global Development Plan (including the Development Budget contained therein) shall become effective and supersede the previous Global Development Plan and Development Budget as of the date of such approval or at such other time as decided by the JSC.

(b) New Development Collaboration Proposals. If either Party proposes to conduct new Development activities in connection with the Development of a Licensed Product not included in the then approved Global Development Plan of the Licensed Program for such Licensed Product, including any proposal to collaborate to *** (such proposal, a "Development Collaboration Proposal"), such Party shall submit the Development Collaboration Proposal to the

other Party through the JRDC. Every Development Collaboration Proposal shall include a proposal to collaborate with the other Party for such Development activities so that, subject to the terms of this Agreement, with respect to the Development activities underlying the Development Collaboration Proposal, Servier shall be able to Develop Licensed Products for Commercialization in the Field in the Servier Territory and MacroGenics shall be able to Develop Licensed Products for Commercialization in the Field in the MacroGenics Territory.

(i) In the event the other Party approves a Development Collaboration Proposal and the Parties agree to collaborate to conduct the Development activities underlying the Development Collaboration Proposal with respect to Licensed Products, (A) the Global Development Plan shall be amended to include such Development Collaboration Proposal and (B) each Party shall use Commercially Reasonable Efforts to perform the activities allocated to it under the approved Development Collaboration Proposal, and the Parties shall share in the payment of Development Costs incurred in connection with such activities in accordance with Section 5.5.1(a).

(ii) In the event the other Party declines to participate in and share the funding of such activity (the "Buy-In Party"), the submitting Party may proceed with the activities described in such Development Collaboration Proposal at its sole expense unless the other Party reasonably objects to the conduct of such activity as reasonably likely to result in a safety or public health issue that will have a material adverse effect in the Development or Commercialization of Program DARTs and Licensed Product in its territory. Any disputes regarding whether an activity is reasonably likely to result in a safety or public health issue that will have a material adverse impact on the Development and/or Commercialization of Program DARTs and Licensed Products in a Party's territory shall be referred to the JRDC for a determination and resolved in accordance with Section 2.9; provided that neither Party shall have the right to exercise its final decision making authority pursuant to Section 2.9.3 with respect to such issue.

(iii) Once during each Calendar Quarter following the commencement of, and until the completion of, the activities described in the Development Collaboration Proposal, the Buy-In Party may request that the Party conducting such Development activity provide a summary of the current status of such Development activity, the Development Costs incurred to date, any significant milestones achieved and any topline initial results of such Development activity.

(iv) The Buy-In Party may obtain access to and use of the Excluded Data in accordance with the procedure described in this paragraph; provided that the Buy-In Party shall be provided access to Safety Data, at no cost, in accordance with the SDEA Agreement. At any time following the commencement of the activities described in the Development Collaboration Proposal, the Buy-In Party shall provide the other Party with written notice of its election to buy-in to such Development, and promptly thereafter the other Party shall provide the Buy-In Party with an invoice for ******* of the cumulative Development Costs as well as the costs of clinical supply of the Program DART and/or Licensed Product used in connection with such

Development incurred by a Party in the generation of such data as of the date of the Buy-In Party's written request (the "Buy-in Amount"), which invoice the Buy-In Party shall pay within *** after receipt. Each Party shall thereafter share, in accordance with the allocation of costs set forth in Section 5.5.1(a), in the Development Costs incurred after the date of the Buy-In Party's written request in connection with such Development activities under such Development Collaboration Proposal and Global Development Plan shall be amended to include such Development activities.

5.4.3 Unilateral Development Costs and Manufacturing Process Development Costs.

(a) Servier Territory Exclusive Development Activities. Except as provided in Section 5.5 and for Development activities conducted by a Party at its own expense pursuant to Section 5.4.2(b)(ii), Servier shall be responsible for *** of all Development Costs (whether incurred by Servier or MacroGenics (if the activities and their cost are agreed to in advance in writing by Servier) or their respective Affiliates) set forth in the applicable Development Budget with respect to any Development activities that are conducted for the primary purpose of obtaining or maintaining Regulatory Approval for Licensed Products in the Field in any country or other regulatory jurisdiction in the Servier Territory. On a Licensed Program-by-Licensed Program basis, Servier shall disclose to MacroGenics a summary of efficacy results and detailed safety information Controlled by Servier and generated in the course of such Development activities for each Licensed Program within *** after the completion of such activities, subject to the pharmacovigilence provision under Section 6.5. MacroGenics may obtain access to and use Servier's data (other than Safety Data which shall in all cases be exchanged, at no cost, in accordance with the SDEA) obtained in such exclusive development activities if MacroGenics provides Servier with written notice of its election to buy-in such Development, and promptly thereafter Servier shall provide MacroGenics with an invoice for *** of the cumulative Development Costs as well as the costs *** in connection with such Development incurred by Servier in the generation of such data as of the date of MacroGenics written request, which invoice MacroGenics shall pay within *** after receipt.

(b) MacroGenics Territory Exclusive Development Activities. Except as provided in Section 5.5 and for Development activities conducted by a Party at its own expense pursuant to Section 5.4.2(b)(ii), MacroGenics shall be responsible for *** of all Development Costs (whether incurred by Servier (if the activities and their costs are agreed to in advance in writing by MacroGenics) or MacroGenics or their respective Affiliates) set forth in the applicable Development Budget with respect to any Development activities that are conducted for the primary purpose of obtaining or maintaining Regulatory Approval for Licensed Products in the Field in any country or other regulatory jurisdiction in the MacroGenics Territory. On a Licensed Program-by-Licensed Program basis, MacroGenics shall disclose to Servier a summary of efficacy results and detailed safety information Controlled by Servier and generated in the course of such Development activities for each Licensed Program within *** after the completion of such activities, subject to the pharmacovigilence provision under Section 6.5. Servier may obtain access to and use MacroGenics' data (other than Safety Data which shall in all cases be exchanged, at no cost, in accordance with the SDEA) obtained in such exclusive Development activities if Servier

provides MacroGenics with written notice of its election to buy-in such Development, and promptly thereafter MacroGenics shall provide Servier with an invoice for *** of the cumulative Development Costs as well as the costs *** in connection with such Development incurred by MacroGenics in the generation of such data as of the date of Servier written request, which invoice Servier shall pay within *** after receipt.

(c) Servier Phase 2 Clinical Trial Funding. For each Global Development Plan, Servier shall reimburse MacroGenics for up to the first *** of Development Costs incurred by MacroGenics in conducting or participating in Phase 2 Clinical Trials for Licensed Products included in such Global Development Plan.

(d) Manufacturing Process Development Costs. Servier and MacroGenics shall each be responsible for ******* of each Manufacturing Process Development Cost provided the activity which resulted in such cost was conducted under a Global Development Plan.

5.5 Development Activities.

5.5.1 Except for Development activities conducted by a Party at its own expense pursuant to Section 5.4.2(b)(ii), with respect to any Development activities conducted for the primary purpose of obtaining or maintaining Regulatory Approval for Licensed Products both in the Servier Territory and in the MacroGenics Territory (including Development activities with respect to which a Party has paid the Buy-in Amount in accordance with Section 5.4.2(b)(iv)) pursuant to the Development Plan:

(a) subject to Section 5.5.2, Servier shall be responsible for ******* and MacroGenics shall be responsible for ******* of all Development Costs as well as the costs of clinical supply of the Program DART and/or Licensed Product used in connection with such Development (in each case, whether incurred by Servier or MacroGenics or their respective Affiliates). For purposes of clarity, MacroGenics may seek reimbursement from Servier under Section 5.4.3(c) to apply to Development Costs for which MacroGenics is responsible under this Section 5.5.1(a) to the extent such Development Costs are for Phase 2 Clinical Trials;

(b) On a Licensed Program by Licensed Program basis each Party shall disclose to the other Party all clinical data and related Regulatory Documentation Controlled by such Party and generated in the course of such Manufacturing process development activities and Development activities for each Licensed Program within *******;

(c) each Party shall have the right to use all clinical data and related Regulatory Documentation Controlled by either Party and generated in the course of such Manufacturing process development activities and Development activities in order to Develop, obtain Regulatory Approval for and Commercialize Licensed Products in the Field in such Party's territory, in accordance with the terms of this Agreement; and

(d) each Party hereby grants to the other Party a Right of Reference or Use to any and all such Regulatory Documentation with respect to Licensed Products in the Field in the other Party's territory, and agrees to sign, and cause its Affiliates to sign, any instruments reasonably requested by such other Party in order to effect such grant.

5.5.2 Development Costs Budget and Timeline Overruns.

(a) Budget Overruns. With respect to any Development Costs which, pursuant to this Agreement and/or a Global Development Plan or an approved Development Collaboration Proposal, are meant to be allocated between the Parties (rather than one Party being solely responsible for such Development Costs), each Party shall promptly inform the other Party upon determining that it is likely to exceed the budget amounts set forth in the annual Development Budget for the activities such Party is responsible for under the applicable Global Development Plan. To the extent that a Party (or its Affiliates or Sublicensees) incurs Development Costs for the activities such Party is responsible for under a Global Development Plan for a particular Calendar Year which on an aggregate basis for that year exceed the Development Costs allocated for such activity in the initial Development Budget for that Global Development Plan that includes such activity (the "Initial Development Budget") by *** or less (a "De Minimis Overage Amount"), then such De Minimis Overage Amount shall automatically be included in such Development Budget for such year. However, to the extent that a Party (or its Affiliates or Sublicensees) incurs Development Costs for the activities such Party is responsible for under a Development Plan for a particular Calendar Year which on an aggregate basis for that year exceed the Development Costs allocated for such activity in the Initial Development Budget by more than ***, the "Excess Overage Amount"), the Party that has so exceeded its budget shall provide to the JRDC a full explanation for so exceeding its budget and such Excess Overage Amount shall only be included in such Development Budget to the extent that the JRDC agrees to allow some or all of the Excess Overage Amount to be included in such Development Budget as it considers equitable under the circumstances. To the extent that the JRDC does not agree to treat the Excess Overage Amount as Development Costs, the Party that has exceeded its budget shall be solely responsible for the Excess Overage Amount.

(b) Timeline Overruns. Each Party shall promptly inform the other Party upon determining that it is likely to miss a Development date set forth in a Global Development Plan. To the extent that a Party (or its Affiliates) misses such a date by *** or more, the Party that has experienced such Development timeline failure shall provide to the JRDC a full explanation for such Development timeline failure. Such notification shall not serve to excuse a Party from its diligence or other obligations under this Agreement.

(c) Reconciliation. Within *** following the end of each Calendar Quarter beginning with the License Grant Date, each Party shall prepare and deliver to the other Party on a Licensed Program by Licensed Program basis a quarterly report detailing its Development Costs and Manufacturing Process Development Costs incurred during such period, with each Party reporting on all Development Costs incurred with respect to Development Collaboration Proposals. Each Party shall submit any additional information reasonably requested by the other Party related to the Development Costs and Manufacturing Process Development Costs included in its report within *** of its receipt of such request. Within *** after the receipt of the

report delivered by Servier pursuant to this Section 5.5.2(c), MacroGenics shall prepare and deliver to Servier a composite report that (i) summarizes the Development Costs and Manufacturing Process Development Costs incurred by each Party for such Calendar Quarter; (ii) applies the percentage of such costs for which each Party is responsible for the total Development Costs and Manufacturing Process Development Costs attributable to the Development and Manufacturing activities for such Calendar Quarter pursuant to Sections 5.4.3 and 5.5.1; and (iii) computes the amount due to MacroGenics or Servier, as applicable, for such Calendar Quarter in order for the Parties to share the total Development Costs and Manufacturing Process Development Costs for such quarter based on the Development Plan and the principles set forth in Sections 5.4.3 and 5.5.1 (each, a "Reconciliation Payment"). The Party to whom a Reconciliation Payment is due shall issue an invoice to the other Party for the Reconciliation Payment, and such other Party shall pay all undisputed amounts within *** after its receipt of the invoice. Each Party shall have the right to audit the records of the other Party with respect to any Development Costs and Manufacturing Process Development Costs included in such reports, in accordance with Section 9.10.

5.6 Exchange of Data. During the License Term, the following shall apply:

5.6.1 Initial Exchange of Data. Promptly after each License Grant Date, MacroGenics shall transfer to Servier the MacroGenics Know-How related to Program DARTs and Licensed Products (other than the MacroGenics Know-How related directly and solely to Manufacturing) that was licensed to Servier on such License Grant Date. Such transfer shall occur in a manner and following a reasonable schedule to be established by the JSC. MacroGenics shall provide Servier with copies of relevant material, information, reports and data, including pre-clinical data, clinical data, and any data that has been provided to Regulatory Authorities for the purpose of obtaining Regulatory Approval.

5.6.2 Ongoing Exchange of Data. During each License Term, except as provided in Section 5.4.2(b)(iv) with respect to Excluded Data, each Party shall provide to the other Party (a) all Know-How Controlled by such Party that is specified in the applicable Global Development Plan to the extent necessary or useful for the Development or Commercialization of Program DARTs or Licensed Products under such Global Development Plan in the other Party's territory, and (b) any Know-How Controlled by such Party that is not specified in such Global Development Plan that such Party reasonably believes to be necessary or useful for the Development or Commercialization of Program DARTs or Licensed Products that were licensed under the Licensed Program for such Global Development Plan in the other Party's territory, in a timely fashion and as promptly as possible for use by such other Party in accordance with this Section 5.6.2. Servier shall only use and disclose to Third Parties such MacroGenics Know-How as may be necessary or useful for Development and Commercialization of Program DARTs and/or Licensed Products in the Servier Territory; or as may otherwise be agreed by MacroGenics and Servier. Servier may not use any MacroGenics Know-How (or permit any Third Party to use any MacroGenics Know-How) outside the Servier Territory, nor for any products other than the Licensed Products, except as may otherwise be agreed by MacroGenics and Servier (including as provided in Sections 4.1 and 4.2). MacroGenics shall not use any Servier Know-How (or permit

any Third Party to use any Servier Know-How) outside the MacroGenics Territory, nor for any products other than the Licensed Products, except as may otherwise be agreed by MacroGenics and Servier.

5.6.3 Use. All preclinical, non-clinical, analytical, manufacturing, and clinical data and associated reports disclosed by one Party to the other under this Agreement may be used by the receiving Party subject to the terms of this Agreement solely for the purpose of Developing, Manufacturing and Commercializing Licensed Products in its respective territory. Each Party shall have the right to share any and all such data and other regulatory materials received from the other Party with its Affiliates and any Third Party sublicensees or licensees in its respective territory solely for the purpose of Developing, Manufacturing and Commercializing Licensed Products in its respective territory. Access to and use of such data and regulatory materials are given by each Party to the other Party without cost (except as otherwise provided herein) on an "as is" basis without any warranty of any kind. Each receiving Party accepts all risk and liability in relation to the use of the data and regulatory materials received from the other Party and shall indemnify and hold harmless the Party providing such data and regulatory materials from any Third Party's claim(s) based upon such data and regulatory materials as provided in ARTICLE 13.

5.6.4 Reports. In addition to information and reports required elsewhere in this Agreement, each Party shall provide the other Party and the JRDC with a written annual report summarizing the major activities performed by it under each Global Development Plan during the previous year, conduct of non-clinical activities and clinical trials, information regarding the status of Regulatory Approvals. The other Party shall have the opportunity to reasonably seek further explanation or clarification of matters covered in such reports and to provide observations and suggestions to the disclosing Party regarding the subject matter thereof, and the disclosing Party shall provide such explanation or clarification and shall consider such observations and suggestions in good faith. Furthermore, if after receiving such a report the receiving Party wishes to meet with the disclosing Party to discuss such report, the disclosing Party shall meet with the receiving Party at a site reasonably requested by the receiving Party within ******* after the disclosing Party's requests such meeting.

ARTICLE 6
REGULATORY MATTERS

The provisions of this ARTICLE 6 shall apply during the License Term.

6.1 Servier Regulatory Responsibility.

6.1.1 During the License Term, Servier shall own and be responsible for preparing, filing and maintaining all Regulatory Documentation and Regulatory Approvals that are required for the Development (unless otherwise agreed by the JRDC on the basis of Section 4.2), Manufacture or Commercialization of the Program DARTs or Licensed Products in the Field in the Servier Territory and Servier shall otherwise be responsible for and have sole authority as to all interactions with Regulatory Authorities in the Servier Territory. Servier shall comply with all applicable Laws in the Servier Territory, including local regulations and ICH guidelines.

6.1.2 Servier hereby grants to MacroGenics a Right of Reference or Use to any Regulatory Documentation in the Servier Territory Controlled by Servier for use by MacroGenics in the MacroGenics Territory, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by MacroGenics in order to further effect such grant. Servier shall permit any relevant Regulatory Authority to inspect any such Regulatory Documentation. Servier shall also permit MacroGenics, upon reasonable notice, during regular business hours, to audit any such Regulatory Documentation; provided that, MacroGenics shall limit such audits by MacroGenics to a moderate frequency reasonably necessary in order for MacroGenics to perform the Development and Commercialization of the Program DARTs and Licensed Product.

6.2 MacroGenics Regulatory Responsibility.

6.2.1 MacroGenics shall own and be responsible for preparing, filing and maintaining all Regulatory Documentation and Regulatory Approvals that are required for the Development (unless otherwise agreed by the JRDC on the basis of Section 4.1), or Commercialization of Program DARTs or Licensed Products in the Field in the MacroGenics Territory and MacroGenics shall otherwise be responsible for and have sole authority as to all interactions with Regulatory Authorities in the MacroGenics Territory. MacroGenics shall comply with all applicable Laws in the MacroGenics Territory, including local regulations and ICH guidelines.

6.2.2 MacroGenics hereby grants to Servier a Right of Reference or Use to any Regulatory Documentation in the MacroGenics Territory Controlled by MacroGenics for use by Servier in the Servier Territory, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by Servier in order to further effect such grant. MacroGenics shall permit any relevant Regulatory Authority to inspect any such Regulatory Documentation. MacroGenics shall also permit Servier, upon reasonable notice, during regular business hours, to audit any such Regulatory Documentation; provided that, Servier shall limit such audits by Servier to a moderate frequency reasonably necessary in order for Servier to perform the Development and Commercialization of the Program DARTs and Licensed Product.

6.3 Communications with Regulatory Authorities.

6.3.1 For purposes of this Article 6.3, “material” shall mean any *******. Servier shall be responsible for all submissions to, and communications and interactions with, Regulatory Authorities in the Servier Territory with respect to Program DARTs and Licensed Products (unless otherwise agreed by the JRDC on the basis of Section 4.2), and MacroGenics shall be responsible for submissions to, and communications and interactions with, Regulatory Authorities in the MacroGenics Territory with respect to Program DARTs and Licensed Products (unless otherwise agreed by the JRDC on the basis of Section 4.1). In connection therewith:

(a) On a Licensed Program by Licensed Program basis Servier shall keep MacroGenics reasonably informed regarding Servier’s (or its Affiliate’s or Sublicensee’s)

regulatory strategy, planned regulatory submissions and material communications with the Regulatory Authorities in the Servier Territory with respect to the Program DARTs and Licensed Products for each Licensed Program, including any material changes to such strategy, submissions or communications. Servier shall provide MacroGenics with copies of material regulatory submissions to, and material communications with the *** relating to the Program DARTs and Licensed Products. To the extent permitted by Regulatory Authorities, MacroGenics shall have the right to have a senior, experienced employee participate as an observer in meetings with the *** or their agents, as well as participate in internal meetings or discussions of Servier occurring immediately before or after, and related to, such meetings, and shall be provided with advance access to Servier's materials prepared for such meetings. MacroGenics shall also have the right to review and comment upon any correspondence with the *** or their agents related to such meetings. Servier shall provide MacroGenics regularly prepared minutes of material meetings with the *** regarding Program DARTs and Licensed Products in the Field in the Servier Territory and available material teleconference reports with the *** pertaining to Program DARTs and Licensed Products in the Field in the Servier Territory.

(b) On a Licensed Program by Licensed Program basis MacroGenics shall keep Servier reasonably informed regarding MacroGenics' (or its Affiliate's or Sublicensee's) regulatory strategy, planned regulatory submissions and material communications with the *** with respect to the Program DARTs and Licensed Products for each Licensed Program, including any material changes to such strategy, submissions or communications. MacroGenics shall provide Servier with copies of material regulatory submissions to, and material communications with the *** relating to the Program DARTs and Licensed Products. To the extent permitted by Regulatory Authorities, Servier shall have the right to have a senior, experienced employee participate as an observer in meetings with the *** or its agents, as well as participate in internal meetings or discussions of MacroGenics occurring immediately before or after, and related to, such meetings, and shall be provided with advance access to MacroGenics' materials prepared for such meetings. Servier shall also have the right to review and comment upon any correspondence with the *** or its agents related to such meetings. MacroGenics shall provide Servier regularly prepared minutes of material meetings with the *** regarding Licensed Products in the Field in the MacroGenics Territory and available material teleconference reports with the *** pertaining to Licensed Products in the Field in the MacroGenics Territory.

6.3.2 If either Party or its Affiliates or subcontractors (each, an "Inspected Party") are to be inspected by a Government Authority regarding the development, manufacture, registration or commercialization of a Licensed Product, the Inspected Party shall promptly notify the other Party of the inspection in writing as soon as reasonably practicable, and in advance, if any such inspection is a scheduled inspection. The Inspected Party shall, where practicable, permit representatives of the other Party to participate as observers with respect to such inspection, and shall provide the other Party with a written report of any such inspection, noting with specificity any records or documents reviewed by the regulatory inspector, and including copies of any FDA 483s (or their non-U.S. equivalent) or written communications provided by or to any Government Authority relating to such inspection. The Inspected Party will use Commercially Reasonable Efforts to provide an opportunity for the other Party to assist in responding to any issues or

concerns relating to such inspections, and shall provide copies of all communications to and from any Government Authority relating thereto to the other Party. The Parties shall cooperate in good faith and otherwise mutually support any regulatory inspections of facilities, clinical sites, contract manufacturers or the like with respect to Licensed Products, including by using Commercially Reasonable Efforts to make available such facilities, documents, information and/or personnel as are reasonably necessary or useful for such regulatory inspections by a Government Authority.

6.4 Product Withdrawals and Recalls. If any Regulatory Authority (a) threatens, initiates or advises any action to remove any Licensed Product from the market in any country of the world, or (b) requires or advises either Party or such Party's Affiliates or sublicensees to distribute a "Dear Doctor" letter or its equivalent regarding use of any Licensed Product in any country of the world, then Servier (if such action is in the Servier Territory) or MacroGenics (if such action is in the MacroGenics Territory), as applicable, shall notify the other Party of such event within ******* (or sooner if required by applicable Law) after such Party becomes aware of the action, threat, advice or requirement (as applicable). The JRDC will discuss and attempt to agree upon whether to recall or withdraw such Licensed Product; provided, however, that if the Parties fail to agree within an appropriate time period or if the matter involves a safety issue that, in order to protect patient safety, does not allow for sufficient time for a discussion at the JRDC level, Servier shall decide whether to recall or withdraw such Licensed Product in the Servier Territory and shall undertake any such recall or withdrawal in the Servier Territory at its own cost and expense, and MacroGenics shall decide whether to recall or withdraw such Licensed Product in the MacroGenics Territory and shall undertake any such recall or withdrawal in the MacroGenics Territory at its own cost and expense.

6.5 Pharmacovigilance; Safety Data Reporting.

6.5.1 Pharmacovigilance. ******* after each License Grant Date the Parties shall negotiate in good faith, with respect to Licensed Products under the applicable Licensed Program, a safety data exchange agreement, governing the collection, investigation, reporting, and exchange of information concerning adverse drug reactions/experience, Licensed Product quality and Licensed Product complaints, sufficient to permit each Party to comply with its legal obligations (the "SDEA Agreement"). The SDEA Agreement will be promptly updated if required by changes in legal requirements.

6.6 Safety Data Reporting.

(a) Each Party shall keep the other Party informed about any adverse drug reactions such Party becomes aware or is informed about regarding the use of a Licensed Product. As between the Parties, Servier shall be responsible for reporting all adverse drug reactions/experiences to the appropriate regulatory authorities in countries in the Servier Territory, and MacroGenics shall be responsible for reporting all adverse drug reactions/experiences to the appropriate regulatory authorities in the MacroGenics Territory, in accordance with the appropriate laws and regulations of the relevant countries and authorities. Servier shall ensure that its Affiliates and Sublicensees comply with such reporting obligations in the Servier Territory and

MacroGenics shall ensure that its Affiliates and sublicensees (other than Servier and its Sublicensees) comply with such reporting obligations in the MacroGenics Territory. These reporting obligations shall apply to other adverse events as described in the SDEA Agreement, including adverse events occurring from product overdose or from product withdrawal, as well as any toxicity, sensitivity, failure of expected pharmacological action, or laboratory abnormality which is, or is thought by the reporter, to be serious or associated with relevant clinical signs or symptoms.

(b) For each Research Program and Global Development Plan each Party will designate a pharmacovigilance liaison to be responsible for communicating with the other Party regarding the reporting of adverse drug reactions/experiences. Each Party (the "Notifying Party") shall notify the other Party in writing of all information coming to the Notifying Party's attention, regardless of the origin of such information, and including such information coming to its attention through clinical and non-clinical sources (including journal publications and other media), regarding adverse drug experiences associated with a Licensed Product, whether in the Servier Territory or in the MacroGenics Territory.

ARTICLE 7
MANUFACTURING

The provisions of this ARTICLE 7 shall apply during the License Term for each Licensed Program.

7.1 Transfer of MacroGenics Manufacturing Know-How.

7.1.1 For each Licensed Program, at Servier's request and sole expense, and on a schedule and a product comparability plan agreed upon by the Parties, MacroGenics shall disclose (and provide copies, as applicable) to either Servier or the Third Party manufacturer that is mutually acceptable to both Parties, all MacroGenics Know-How necessary or useful to enable Servier or such Third Party manufacturer (as appropriate) ******* for such Licensed Program to Manufacture Licensed Product based on a manufacturing process ***. For clarity, nothing in this Section 7.1 with respect to MacroGenics' obligation to transfer MacroGenics Know-How to Servier shall limit MacroGenics' right to use any such MacroGenics Know-How to fulfill MacroGenics' obligations to Manufacture and supply Licensed Product to Servier under this Agreement or the Supply Agreement. In addition, MacroGenics shall, at Servier's sole expense, make available to Servier, on a reasonable consultation basis, advice of its technical personnel as may reasonably be requested by Servier in connection with such transfer of MacroGenics Know-How. MacroGenics shall thereafter during the Agreement Term, continue to promptly and regularly disclose any material new MacroGenics Know-How related to Manufacturing Program DARTs and Licensed Products to Servier or to the Third Party manufacturer mentioned above at Servier's cost.

7.1.2 Servier and/or its Third Party manufacturer shall use the MacroGenics Know-How transferred under Section 7.1.1 solely for the purpose of Manufacturing Program DARTs and finished Licensed Products in accordance with the terms and conditions of this Agreement, and for no other purpose.

7.1.3 Servier acknowledges and agrees that MacroGenics may condition any of its agreement to transfer any MacroGenics Know-How to a Third Party manufacturer on the execution of a confidentiality agreement between such Third Party manufacturer and MacroGenics that contains terms substantially equivalent to those of ARTICLE 11.

7.2 Supply Agreements.

7.2.1 Clinical Supply Agreement. For each Program, the Parties shall enter into good faith negotiations regarding the terms of a clinical supply agreement, pursuant to which MacroGenics shall provide clinical supply of Program DARTs and/or Licensed Products from such Program for (a) Phase 1 Clinical Trials and the first two (2) Phase 2 Clinical Trials of Licensed Products to be conducted by Servier and its Affiliates and Sublicensees and (b) at MacroGenics' option, Clinical Trials of Licensed Products conducted by Servier and its Affiliates and Sublicensees ******* of Licensed Products to be conducted by Servier and its Affiliates and Sublicensees (the "Clinical Supply Agreement"). The cost for such supply of Program DARTs and/or Licensed Products for Clinical Trials shall be equal to MacroGenics' Fully Burdened Manufacturing Cost; *******. The Fully Burdened Manufacturing Cost for supply of Program DARTs and/or Licensed Products for clinical trials used by Servier in connection with the Development of a Program DARTs and/or Licensed Products outside a Global Development Plan shall be invoiced by MacroGenics on a quarterly basis.

7.2.2 Commercial Supply Agreement. Following each License Grant Date, if requested by Servier, the Parties shall enter into good faith negotiations regarding the terms of a quality and supply agreement, pursuant to which MacroGenics shall provide commercial supply of Program DARTs and/or Licensed Products licensed under such Licensed Program to Servier and its Affiliates and Sublicensees (the "Commercial Supply Agreement").

ARTICLE 8
COMMERCIALIZATION

The provisions of this ARTICLE 8 shall apply during the License Term.

8.1 Overview. Servier shall have sole control and responsibility for the Commercialization of Licensed Products in the Servier Territory and shall bear all costs and expenses associated with the Commercialization of Licensed Products in the Servier Territory. MacroGenics shall have sole control and responsibility for the Commercialization of Licensed Products in the MacroGenics Territory and shall bear all costs and expenses associated with the Commercialization of Licensed Products in the MacroGenics Territory. The Party with responsibility for Commercialization in a territory and field shall be referred to as the "Commercializing Party" for such territory.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

8.2 Sales and Distribution. It is understood that as between the Parties, the Commercializing Party shall be solely responsible for handling all returns, order processing, invoicing and collection, distribution, and receivables for Licensed Products in the applicable territory and indication.

8.3 Ex-Territory Sales. Subject to applicable Law, neither Party shall engage in any advertising or promotional activities relating to Licensed Product directed primarily to customers or other buyers or users of Licensed Product located outside its territory or accept orders for Licensed Products from or sell Licensed Products into such other Party's territory for its own account or for the Commercializing Party's account, and if such other Party receives any order for Licensed Products in the Commercializing Party's territory, it shall refer such orders to the Commercializing Party for acceptance or rejection.

8.4 Commercialization Plan for Licensed Territory. Servier shall pursue Commercialization of Licensed Products in the Servier Territory, in accordance with Commercially Reasonable Efforts. Servier shall deliver an initial Commercialization plan to MacroGenics no later than *** prior to the anticipated date of the first filing of the first BLA for a Licensed Product in the Servier Territory (the "Commercialization Plan"). After the establishment of the initial Commercialization Plan, Servier shall prepare updates and amendments to such Commercialization Plan at least annually and deliver such updated Commercialization Plan to MacroGenics no later than March 31st of each Calendar Year.

8.5 Trademarks.

8.5.1 Generally. Servier and its Affiliates shall select their own trademarks under which they will market Licensed Products (provided that no such trademark shall contain the word "MacroGenics") and shall own such trademarks. MacroGenics and its Affiliates shall select their own trademarks under which they will market Licensed Products (provided that no such trademark shall contain the word "Servier" or "Les Laboratoires Servier") and shall own such trademarks.

8.5.2 Acknowledgement. Servier shall use, in connection with all packaging, literature, labels and other printed matters, to the extent required by Law, and where reasonably practicable in light of space limitations, an expression to the effect that the Licensed Products were developed under license from MacroGenics, together with the MacroGenics logo. The provisions of this Section 8.5.2 shall not apply to primary packaging of the Licensed Products. Primary packaging shall mean packaging that is in direct contact with the Licensed Products or the Licensed Products themselves, including vials, blister packs, tablets and capsules.

8.5.3 Housemarks. Neither Party shall, and shall ensure that its Affiliates and sublicensees will not, make any use of the trademarks or house marks of the other Party or its Affiliates or licensees (including their corporate names) or any trademark confusingly similar thereto.

8.6 Commercial Diligence. During each License Term, Servier shall use Commercially Reasonable Efforts to Commercialize Licensed Products that were licensed under the applicable Licensed Program throughout the Servier Territory.

8.7 Standards of Conduct. Each Party shall in all respects comply with all applicable Laws and applicable guidelines concerning the advertising, sales and marketing of prescription drug products in Commercializing Products under this Agreement, including any applicable local anti-bribery laws.

ARTICLE 9
PAYMENTS

9.1 Option Grant Fee. In consideration for the Options as granted by MacroGenics to Servier hereunder and to review the Option Trigger Data Packages, Servier shall pay MacroGenics a non-refundable, non-creditable payment of Twenty Million Dollars ($20,000,000) (the "Option Grant Fee") within *** after the Effective Date and the date of receipt of the corresponding invoice.

9.2 License Grant Fees. Upon exercise of an Option and *** after the date of receipt of the corresponding invoice, Servier shall pay MacroGenics a *** payment (the "License Grant Fee") of

(a) Fifteen Million Dollars ($15,000,000) for exercise of the Option for the CD123 Program;

(b) *** for exercise of the Option for the A33 Program; and

(c) *** for exercise of the Option for the ******* Program.

9.3 Development and Regulatory Milestones.

9.3.1 IND Approval/Acceptance Milestones. For each Program or Licensed Program, Servier shall pay to MacroGenics the non-refundable, non-creditable amount of Five Million Dollars ($5,000,000) upon approval or acceptance of the first IND filed with the FDA (or corresponding Regulatory Authority in the EU) for such Program or Licensed Program (each an "IND Approval Milestone"), within ******* following receipt of the corresponding invoice.

9.3.2 License Term Development and Regulatory Milestones. During the License Term for each Licensed Program, for each milestone set forth in this Section 9.3.2 achieved in such Licensed Program, Servier shall pay, depending on the Licensed Program, the corresponding *** amount indicated for that milestone for the first instance of its achievement:

Milestone Event	Payment For each of the *** Licensed Program and gpA33 Licensed Program	Payment For the CD123 Licensed Program
(i) ***	***	***
(ii) ***	***	***
(iii) ***	***	***
(iv) ***	***	***
(v) ***	***	***
(vi) ***	***	***
(vii) ***	***	***
(viii) ***	***	***
(ix) ***	***	***

In no event shall the total of the amounts paid under this Section 9.3.2 for the *** Licensed Program and gpA33 Licensed Program exceed ***, or exceed *** for the CD 123 Licensed Program, and exceed *** in the aggregate for all of the Licensed Programs.

9.3.3 Milestone Payments. Servier shall make the milestone payments required by Section 9.4.1 and 9.3.2 in accordance with Section 9.3.6. If an event described in a clause in Section 9.3.2 occurs before or concurrently with another event described in a preceding clause in Section 9.3.2, Servier shall also pay the milestone payment described in such earlier clause when the milestone payment described in such later clause is paid.

9.3.4 Follow-On Products.

(a) Subject to the terms of this Agreement, ***

(b) If prior to the time at which a milestone payment pursuant to Section 9.3.4(a) is to be made with respect to a subsequent Licensed Product, the first Licensed Product has been substituted by a subsequent Licensed Product in the same Licensed Program or development of the first Licensed Product in the same Licensed Program has been discontinued, then the achievement by such subsequent Licensed Product of a milestone event to the extent the corresponding milestone payment under Section 9.3.2 has not been made with respect to such

substituted or discontinued first Licensed Product, shall be deemed to be achievement of the corresponding milestone event under Section 9.3.2 by the first Licensed Product entitling MacroGenics to the corresponding milestone payment under Section 9.3.2.

9.3.5 Reductions in Milestones Payable for Phase 3 Clinical Trials for the *** DART Program or gpA33 DART Program. In the event that the conduct by Servier of a Phase 1 Clinical Trial or Phase 2 Clinical Trial for Licensed Product in accordance with the applicable Research Plan results in Servier, its Affiliates or Sublicensees conducting a Phase 3 Clinical Trial for such Licensed Product under the Global Development Plan in the same Indication as that studied in such Phase 1 Clinical Trial or Phase 2 Clinical Trial, ***. Prior to the initiation of any such Phase 3 Clinical Trial, Servier shall provide MacroGenics ***. MacroGenics shall have the right to have an independent public accountant reasonably acceptable to Servier audit Servier's books and records solely for purposes of verifying such Development Costs, upon reasonable advance notice and during Servier's business hours, subject to the confidentiality provisions of ARTICLE 11.

9.3.6 CD123 Licensed Program Deferred Milestone Payments. In the event that upon the achievement of a milestone event set forth in Section 9.3.2(e) or (i) with respect to a Licensed Product from the CD123 Licensed Program the MacroGenics Patents do not include an issued patent in a final and non-appealable status before the European Patent Office, which MacroGenics Patent claims the composition of matter of the Licensed Product for which such milestone event(s) were achieved, then one hundred percent (100%) of the milestone payment(s) set forth in Section 9.3.2(e) or (i), as applicable, shall not be due until the issuance in a final and non-appealable status before the European Patent Office of a patent included in the MacroGenics Patents which specifically claims the composition of matter of such Licensed Product from the CD123 Licensed Program. For purposes of clarity, following the issuance in the EU of a patent included in the MacroGenics Patents which claims the composition of matter of a Licensed Product from the CD123 Licensed Program as provided herein above, this Section 9.3.6 shall cease to apply and Servier shall have no right to defer, in part or in whole, any milestone payment as provided in this Section 9.3.6. For further clarity, it is agreed by the Parties that as of the Effective Date none of the MacroGenics Patents listed in Exhibit B Cover the composition of matter of a Licensed Product from the CD123 Program in the EU.

9.3.7 Notification; Payment. Servier shall promptly notify MacroGenics in writing of the first achievement of each of the milestones under this Section 9.3 (other than milestones under Section 9.3.1) and the corresponding milestone payment shall be due within *** after receipt of the corresponding invoice from MacroGenics.

9.4 Sales Milestones.

9.4.1 Sales Milestone Payments. For each Licensed Program, Servier shall make the *** payments to MacroGenics set forth below upon the earliest achievement of each of the corresponding milestone events by the first Licensed Product to achieve such milestone in such Licensed Program:

Milestone Event		Payment
(i)	***	***
(ii)	***	***
(iii)	***	***
(iv)	***	***

9.4.2 Payment of Milestones. Servier shall make the milestone payments required by Section 9.4.1 in accordance with Section 9.6. If an event described in a clause in Section 9.4.1 occurs before or concurrently with another event described in a preceding clause in Section 9.4.1, Servier shall also pay the milestone payment described in such earlier clause when the milestone payment described in such later clause is paid. By way of example, if, during March 2015, ***, Servier shall pay MacroGenics the milestone payments set forth in both Sections 9.4.1(a) and (b).

9.5 Royalties.

9.5.1 Servier shall pay MacroGenics royalties on Net Sales of Licensed Products at the following rates with respect to all such Net Sales of such applicable Licensed Products achieved during the applicable Calendar Year:

Annual Net Sales Threshold		Royalty Rate
(i)	***	***
(ii)	***	***
(iii)	***	***
(iv)	***	***

9.5.2 Royalty Term. Servier's royalty obligations to MacroGenics under this Section 9.5 shall expire on a country-by-country and Licensed Product-by-Licensed Product basis on the later of: (a) the expiration of the last Valid Claim (i) within the MacroGenics Patents and/or Joint Patents licensed to Servier under this Agreement and Covering the composition of matter or therapeutic use of such Licensed Product in such country or (ii) within the Significant Patents licensed to Servier under this Agreement; (b) the twelfth (12th) anniversary of the date of the First Commercial Sale by Servier or any of its Affiliates or Sublicensees of such Licensed Product in such country; and (c) the expiration of the last-to-expire applicable Regulatory-Based Exclusivity Period for such Licensed Product in such country (the "Royalty Term").

9.5.3 Third Party Royalty Offset. If, after the License Grant Date, Servier or its sublicensee or designee: (ai) is required, as agreed by the Parties in good faith, ***, to obtain a license from any Third Party under Patents controlled by such Third Party in order to make, have made, use, sell, offer for sale or import a Program DART and/or a Licensed Product in any country in the Servier Territory, and pursuant to such license *** or (b) is required by any court of

competent jurisdiction, due to infringement of patent rights controlled by such Third Party in any country(ies) in the Servier Territory, *** then Servier may deduct from the milestones and/or royalties that would otherwise be due to MacroGenics on Net Sales resulting from the sales of such Licensed Product in such country in a Calendar Quarter *** of the amount paid by Servier to such Third Party with respect to such Licensed Product for such country during such Calendar Quarter; ***

9.5.4 Generic Competition. If at any time following the First Commercial Sale, Generic Competition exists in any country of the Servier Territory, Servier shall deduct ******* from the royalties that would otherwise be due to MacroGenics on Net Sales (based on the effective, weighted-average royalty rate) resulting from the sales of such Licensed Product in such country during the applicable Calendar Quarter in which such Generic Competition exists.

9.6 Reports; Payments. Within *** after the end of each Calendar Quarter during which there are Net Sales giving rise to a payment obligation under Section 9.4 or 9.5, Servier shall submit to MacroGenics a report identifying for each Licensed Product, the Net Sales for such Licensed Product for each country in the Servier Territory for such Calendar Quarter, the calculation of royalties (including gross sales and all deductions taken from gross sales), and the royalties and the sales milestones payable to MacroGenics. Within *** of the delivery of each such report, Servier shall pay to MacroGenics all royalties and sales milestones payable by it under Sections 9.4 and 9.5.

9.7 Methods of Payments.

9.7.1 All payments due under this Agreement shall be paid in Dollars *** by wire transfer to a bank in the United States designated in writing by MacroGenics.

9.7.2 For the purposes of determining the amount of any sales milestone payment under Section 9.4 or royalties due for the relevant Calendar Quarter under Section 9.5, the amount of Net Sales in any non-Euro currency shall be converted into Euro using the average of daily closing rates of exchange published by European Central Bank for the monthly period in which Net Sales are accounted.

9.8 Late Payments. Any amount owed by Servier to MacroGenics under this Agreement that is not paid on or before the date such payment is due shall bear interest at a rate per annum equal to the lesser of (a) *******, or (b) the highest rate permitted by applicable Law, calculated on the number of days such payments are paid after such payments are due and compounded monthly. ***

9.9 Taxes. All payments due and payable under this Agreement will be made without any deduction or withholding for on account of any tax by application of the Tax Treaty in force between France and The United States since August 31st 1994 and in accordance with its amendment signed January 13th 2009 which came into force retroactively January 1st 2009, unless such deduction or withholding tax is required by applicable laws. If the paying Party is so required to deduct or withhold, such Party shall (a) promptly notify the other Party of such requirement, (b)

pay to the relevant authorities the full amount required to be deducted or withheld promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against the other Party, and (c) promptly forward to the other Party an official receipt (or certified copy), or other documentation reasonably acceptable to the other Party evidencing such payment to such authorities.

9.10 Books and Records; Audit Rights. Each Party (the "Audited Party") shall keep (and, in the case of Servier, shall cause its Affiliates and Sublicensees to keep) complete, true and accurate books and records in accordance with its Accounting Standards in sufficient detail for the other Party (the "Auditing Party") to determine the payments due and costs incurred under this Agreement. Each Auditing Party shall have the right, once annually at its own expense, to have an independent, certified public accounting firm of nationally recognized standing, selected by the Auditing Party and reasonably acceptable to the Audited Party, review any such records of the Audited Party in the location(s) where such records are maintained by the Audited Party upon reasonable notice (which shall be no less than *** prior notice) and during regular business hours and under obligations of strict confidence, for the sole purpose of verifying the accuracy of the amounts paid under this Agreement within a *** period preceding the date of the request for review. The report of such accounting firm shall be limited to a certificate stating whether any report made or invoice or payment submitted by the Audited Party during such period is accurate or inaccurate and the actual amounts of Development Costs and the amount of any Net Sales, milestone or royalty discrepancy. No other information shall be provided to the Auditing Party. The Audited Party shall receive a copy of each such report concurrently with receipt by the Auditing Party. Should such inspection lead to the discovery of a discrepancy to the Auditing Party's detriment, the Audited Party shall pay the amount of the discrepancy within *** after its receipt from the accounting firm of the certificate showing the amount of the discrepancy. The Auditing Party shall pay the full cost of the review unless the underpayment of milestones, royalties and/or Development Costs, is greater than *** of the amount due for the applicable period, in which case the Audited Party shall pay the reasonable costs charged by such accounting firm for such review.

ARTICLE 10
OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS

10.1 Inventorship. Inventorship for patentable inventions conceived or reduced to practice during the course of the performance of activities pursuant to this Agreement shall be determined in accordance with patent laws where the invention was invented.

10.2 Ownership. Subject to the licenses and rights granted to Servier under this Agreement, MacroGenics shall own the entire right, title and interest in and to all inventions and discoveries (and Patents claiming patentable inventions therein) first made or discovered solely by employees or consultants of MacroGenics or acquired solely by MacroGenics in the course of Research, Development, Manufacture or Commercialization of Program DARTs and/or Licensed Products. Subject to the licenses and rights granted to MacroGenics under this Agreement, Servier shall own the entire right, title and interest in and to all inventions and discoveries (and Patents

claiming patentable inventions therein) first made or discovered solely by employees or consultants of Servier or acquired solely by Servier in the course of Research, Development, Manufacture or Commercialization of Program DARTs and/or Licensed Product. The Parties shall jointly own any Joint IP.

10.3 Prosecution and Maintenance of Patents.

10.3.1 MacroGenics Patents.

(a) MacroGenics shall have the sole right to, at MacroGenics' discretion, file, prosecute, and maintain (including the defense of any interference or opposition proceedings), all MacroGenics Patents. *** MacroGenics shall provide to Servier copies of all prosecution filings related to MacroGenics Patents comprising claims Covering Program DARTs and/or Licensed Products ("MacroGenics Product Patents") sent to or received from patent offices in the Servier Territory, unless otherwise directed by Servier, and, shall provide Servier with a draft of any filing within thirty (30) days in advance of submission, provide Servier an opportunity to provide comments on and make request of MacroGenics concerning such filings and shall consider in good faith any comments regarding such draft filings that Servier may timely provide. If Servier no longer desires to retain its license under any MacroGenics Patent in the Servier Territory, and desires to ***, it shall have the right to *** upon ******* written notice. Following such ******* period, the Patent(s) referenced in such notice shall no longer be deemed a MacroGenics Patent(s) and Servier shall have no rights hereunder with respect to such Patent.

(b) Subject to the requirements and limitations of the MacroGenics Third Party Agreements, with respect to the filing, prosecution and maintenance of the MacroGenics IP, including any rights of, and time-frames for, such Third Party licensors to comment on and review any filings and correspondence related thereto, in the event MacroGenics decides not to file a patent application on MacroGenics Know-How specific to Program DARTs and/or Licensed Product in a country of the Servier Territory, or decides to abandon prosecution of any claim of a MacroGenics Product Patent in a country of the Servier Territory or decides to not otherwise maintain or extend any MacroGenics Product Patent in a country of the Servier Territory, MacroGenics shall give Servier written notice sufficiently in advance thereof. Unless MacroGenics' discontinuation of filing, prosecution or maintenance of such MacroGenics Product Patent is in order to effect a settlement or to avoid an interference, opposition or other proceeding in which the validity of such MacroGenics Product Patent may be determined or because another MacroGenics Product Patent of similar claim scope is being prosecuted or has been issued, Servier shall have the first right to file, prosecute, maintain and extend, as the case may be, such MacroGenics Product Patent, in Servier's name, in such country.

10.3.2 Servier Collaboration Patents.

(a) Servier shall have the sole right to, at Servier's discretion, file, prosecute, and maintain (including the defense of any interference or opposition proceedings), all Servier Collaboration Patents. MacroGenics shall reimburse Servier for the Out-of-Pocket Costs incurred in the filing, prosecution and maintenance of the Servier Collaboration Patents in the MacroGenics

Territory. Servier shall provide to MacroGenics copies of all prosecution filings related to Servier Collaboration Patents comprising claims Covering Program DARTs and/or Licensed Products ("Servier Product Patents") sent to or received from patent offices in the MacroGenics Territory, unless otherwise directed by MacroGenics, and, with respect to patent applications having information not previously filed that is intended to be submitted to patent offices in the MacroGenics Territory, shall provide MacroGenics with a draft of each such filing ******* in advance of submission, provide MacroGenics an opportunity to provide comments on and make request of Servier concerning such filings and shall consider in good faith any comments regarding such draft application that MacroGenics may timely provide. In addition, Servier shall provide to MacroGenics such other information related to prosecution of the Servier Collaboration Patents in the MacroGenics Territory as MacroGenics may from time to time reasonably request to allow MacroGenics to track prosecution and maintenance of such Patents. If MacroGenics no longer desires to retain its license under any Servier Collaboration Patent in the MacroGenics Territory, and desires to cease payment of the costs of prosecution and maintenance thereof, it shall have the right to terminate such license to such Patent, and terminate reimbursement to Servier of such costs, upon *** written notice.

(b) In the event Servier decides not to file a patent application on Servier Collaboration Know-How specific to Program DARTs and/or Licensed Product, or decides to abandon prosecution of any claim of a Servier Product Patent or decides to not otherwise maintain or extend any Servier Product Patent, Servier shall give MacroGenics written notice sufficiently in advance thereof. Unless Servier's discontinuation of filing, prosecution or maintenance of such Servier Product Patent is in order to effect a settlement or to avoid an interference, opposition or other proceeding in which the validity of such Servier Product Patent may be determined or because another Servier Product Patent of similar claim scope is being prosecuted or has been issued, MacroGenics shall have the first right to file, prosecute and maintain or extend at its costs, as the case may be, such Servier Product Patent, in MacroGenics' name, in such country.

10.3.3 Joint IP.

(a) MacroGenics shall have the first right, at MacroGenics' discretion, to file, prosecute, and maintain (including the defense of any interference or opposition proceedings), all Patents claiming patentable inventions included in the Joint IP ("Joint Patents") in the MacroGenics Territory, in the names of both MacroGenics and Servier. Servier shall have the first right, at Servier's discretion, to file, prosecute, and maintain (including the defense of any interference or opposition proceedings), all Joint Patents in the Servier Territory, in the names of both MacroGenics and Servier.

(b) With respect to Joint Patents, if the Party with the responsibility for filing, prosecuting and maintaining such Patents in accordance with clause (a) above (the "Responsible Party") elects not to seek or continue to seek or maintain patent protection on any Joint Patent in its territory, the other Party shall have the right to seek, prosecute and maintain patent protection on such Joint Patent in the other Party's name and the Responsible Party shall assign its entire right, title and interest in such Joint Patent to the other Party. The Responsible Party shall use

Commercially Reasonable Efforts to make available to the other Party its authorized attorneys, agents or representatives, and to assist the other Party in obtaining and maintaining such patent protection. The Responsible Party shall sign or use Commercially Reasonable Efforts to have signed all legal documents necessary to file and prosecute such patent applications or to obtain or maintain such patents.

(c) The Parties shall establish procedures to coordinate the filing and prosecution of Joint Patents. With respect to Joint Patents, the Responsible Party shall provide the other Party, within *** after submitting or receiving such filings or correspondence, with copies of all filings and correspondence submitted to and received from patent offices and, with respect to substantive filings and correspondence to be submitted to patent offices, shall use reasonable efforts to provide the other Party with drafts of such filings and correspondence reasonably in advance of submission and shall consider in good faith any comments regarding such filings and correspondence that the other Party may timely provide.

(d) Each Party shall be responsible for the costs and expenses it occurs in connection with the filing, prosecution and maintenance of Joint Patents.

10.4 Third Party Infringement.

10.4.1 Notice. Each Party shall promptly report in writing to the other Party any known or suspected (i) infringement of any of the MacroGenics Patents, Servier Patents or Joint Patents, (ii) unauthorized use or misappropriation of any of the MacroGenics Know-How, Servier Know-How or Joint Know-How of which such Party becomes aware, or (iii) notification under the Biologics Price Competition and Innovation Act of 2009, as amended, or similar law, from a biosimilar applicant arising from the filing of an application for the Regulatory Approval of a Generic Product intending to show that the Generic Product is biosimilar to any Licensed Product that is a reference product for which a claim of infringement of any of the MacroGenics Patents, Joint Patents or Servier Patents by the manufacture or sale of the Generic Product could reasonably be asserted, and shall provide the other Party with all available evidence regarding such known or suspected infringement or unauthorized use.

10.4.2 Enforcement Rights. Subject to the requirements and limitations of the MacroGenics Third Party Agreements with respect to the enforcement of Patents, including any rights of, and timeframes for, such Third Party licensors to comment on and review any filings or materials related thereto, the Parties agree:

(a) Servier shall have the first right, but not the obligation, to initiate a lawsuit or take other reasonable action to enforce the Joint Patents and MacroGenics Product Patents in the Field in the Servier Territory to the extent such infringement or misappropriation involves the Development, Manufacture, use or Commercialization of a product or product candidate that is or may be competitive with the Program DARTs or Licensed Products being Developed or Commercialized hereunder. Notwithstanding the foregoing sentence, Servier shall not initiate any such lawsuit or other enforcement action asserting any such Joint Patents or MacroGenics Product Patents without first consulting with MacroGenics and giving good faith consideration to any

reasonable objection from MacroGenics regarding Servier's proposed course of action. MacroGenics shall cooperate in the prosecution of such suit as may be reasonably requested by Servier; provided that Servier shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) actually incurred by MacroGenics in connection with such cooperation. In connection with any such proceeding, Servier shall not enter into any settlement admitting the invalidity of, or otherwise impairing MacroGenics' rights in, MacroGenics IP or Joint IP without the prior written consent of MacroGenics. Any recoveries resulting from such an action brought by Servier in accordance with this clause (a) shall be applied as follows:

(i) First, to reimburse each Party for all Out-of-Pocket Costs in connection with such proceeding (on a pro rata basis, based on each Party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

(ii) Second, ***

(b) MacroGenics shall have the first right, but not the obligation, to initiate a lawsuit or take other reasonable action to enforce the Joint Patents in the Field in the MacroGenics Territory. Notwithstanding the foregoing sentence, MacroGenics shall not initiate any such lawsuit or other enforcement action asserting any such Joint Patents without first consulting with Servier and giving good faith consideration to any reasonable objection from Servier regarding MacroGenics' proposed course of action. Servier shall cooperate in the prosecution of such suit as may be reasonably requested by MacroGenics; provided that MacroGenics shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) actually incurred by Servier in connection with such cooperation. In connection with any such proceeding, MacroGenics shall not enter into any settlement admitting the invalidity of, or otherwise impairing the Parties' rights in Joint IP without the prior written consent of Servier. Any recoveries resulting from such an action brought by MacroGenics in accordance with this clause (b) shall be applied as follows:

(i) First, to reimburse each Party for all Out-of-Pocket Costs in connection with such proceeding (on a pro rata basis, based on each Party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

(ii) Second, ***

(c) If Servier does not initiate a lawsuit or take other reasonable action pursuant to Section 10.4.2(a) with respect to any Joint Patents or Servier Product Patents (i) if there is no time limit for the filing of such action, within ******* following the notice of alleged infringement or following a biosimilar applicant's failure to act or (ii) if there is a time limit for the filing of such action (including those set forth in applicable Laws) within at least ******* before the time limit, then MacroGenics shall have the right (in cases where MacroGenics has standing), but not the obligation, to initiate such lawsuit or take such other action, after providing ******* notice to Servier and giving good faith consideration to Servier's reason(s) for not initiating a lawsuit or taking other action. For this purpose, Servier shall cooperate in the prosecution of such suit as may be reasonably requested by MacroGenics; provided that MacroGenics shall promptly reimburse all

out-of-pocket expenses (including reasonable counsel fees and expenses) actually incurred by Servier in connection with such cooperation. Any recoveries resulting from such an action brought by MacroGenics in accordance with this clause (c) will *** after payment of each Party's costs and expenses.

(d) If MacroGenics does not initiate a lawsuit or take other reasonable action pursuant to Section 10.4.2(b) with respect to any Joint Patents (i) if there is no time limit for the filing of such action, within ******* following the notice of alleged infringement or following a biosimilar applicant's failure to act or (ii) if there is a time limit for the filing of such action (including those set forth in applicable Laws) within at least ******* before the time limit, then Servier shall have the right (in cases where Servier has standing), but not the obligation, to initiate such lawsuit or take such other action, after providing ******* notice to MacroGenics and giving good faith consideration to MacroGenics' reason(s) for not initiating a lawsuit or taking other action. For this purpose, MacroGenics shall cooperate in the prosecution of such suit as may be reasonably requested by Servier; provided that Servier shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) actually incurred by MacroGenics in connection with such cooperation. Any recoveries resulting from such an action brought by Servier in accordance with this clause (d) will be *** after payment of each Party's costs and expenses.

10.4.3 Conduct of Certain Actions; Costs. The Party initiating legal action shall have the sole and exclusive right to select counsel for any suit initiated by it pursuant to Section 10.3.2 or 10.3.3 (the "Initiating Party"). Unless otherwise expressly provided, the Initiating Party shall bear its own out-of-pocket costs incurred in any such legal action, including the fees and expenses of the counsel selected by it. The other Party shall have the right to participate and be represented in any such legal action (in cases where such other Party has standing) by its own counsel at its own expense.

10.5 Patent Invalidity Claim. Each Party shall promptly notify the other in the event of any legal or administrative action by any Third Party against a Joint Patent, MacroGenics Patent or Servier Patent of which it becomes aware, including any nullity, revocation, reexamination or compulsory license proceeding. Servier shall have the first right, but not the obligation, at its expense, to defend against any such action relating to the Servier Patents. MacroGenics shall have the first right, but not the obligation, at its expense, to defend against any such action relating to the MacroGenics Patents or the Joint Patents. If MacroGenics does not defend against any such action involving a MacroGenics Product Patent or a Joint Patent, then Servier shall have the right, but not the obligation, to defend such action at Servier's expense.

10.6 Patent Term Extensions. The Parties shall cooperate with each other in obtaining patent term extensions or supplemental protection certificates or their equivalents in any country, where applicable to Joint Patents, MacroGenics Patents and Servier Patents.

10.7 Patent Marking. Servier shall comply with the patent marking statutes in each country in which a Licensed Product is sold by Servier, its Affiliates and/or its Sublicensees.

ARTICLE 11
CONFIDENTIALITY

11.1 Confidentiality; Exceptions. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing, the Parties agree that the receiving Party (the "Receiving Party") shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in this Agreement any Know-How in any form (written, oral, photographic, electronic, magnetic, or otherwise) that is disclosed to it by the other Party (the "Disclosing Party") or otherwise received or accessed by a Receiving Party in the course of performing its obligations or exercising its rights under this Agreement (collectively, "Confidential Information"), except to the extent that it can be established by the Receiving Party that such Confidential Information:

11.1.1 was in the lawful knowledge and possession of the Receiving Party prior to the time it was disclosed to, or learned by, the Receiving Party, or was otherwise developed independently by the Receiving Party, as evidenced by written records kept in the ordinary course of business, or other documentary proof of actual use by the Receiving Party;

11.1.2 was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party;

11.1.3 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; or

11.1.4 was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to others.

11.2 Authorized Disclosure. Except as expressly provided otherwise in this Agreement, a Receiving Party may use and disclose Confidential Information of the Disclosing Party as follows:

11.2.1 under appropriate confidentiality provisions similar to those in this Agreement, in connection with the performance of its obligations or exercise of rights granted or reserved in this Agreement;

11.2.2 to the extent such disclosure is reasonably necessary in filing or prosecuting patent and copyright applications, prosecuting or defending litigation, complying with applicable governmental regulations (including the rules and regulations of any stock exchange or NASDAQ), conducting non-clinical activities and clinical activities, preparing and submitting filings to Regulatory Authorities or is otherwise required by Law; provided, however, that if a Receiving Party is required by Law to make any such disclosure of a Disclosing Party's Confidential Information (other than a disclosure to a Regulatory Authority in a filing required by Law) it will give reasonable advance notice to the Disclosing Party of such disclosure requirement and shall furnish only that portion of the Disclosing Party's Confidential Information that the Receiving Party is legally required to furnish;

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

11.2.3 in communications with existing or prospective acquirers, investors, consultants, advisors, licensees or collaborators or others on a need to know basis, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement; or

11.2.4 to the extent mutually agreed to in writing by the Parties.

11.3 Press Release; Disclosure of Agreement.

11.3.1 On or promptly after the Effective Date, the Parties shall jointly issue a public announcement of the execution of this Agreement in a form to be mutually agreed to by the Parties (such agreement not to be unreasonably withheld, conditioned or delayed). Neither Party shall issue any subsequent press release or make other disclosures regarding this Agreement or the Parties' activities hereunder, or any results or data arising hereunder, except (a) with the other Party's prior written consent; (b) in accordance with Section 11.6; or (c) for any disclosure that is reasonably necessary to comply with applicable securities exchange listing requirements or other applicable Laws. Notwithstanding the foregoing, to the extent information regarding this Agreement has already been publicly disclosed, either Party may subsequently disclose the same information to the public without the consent of the other Party. Each Party shall be permitted to disclose the terms of this Agreement, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement, to any actual or potential acquirers, merger partners, licensees, sublicensees, investors and professional advisors on a need to know basis.

11.3.2 Each Party shall, if practicable, give the other Party a reasonable opportunity to review those portions of all filings with the United States Securities and Exchange Commission (or any stock exchange, including Nasdaq, or any similar regulatory agency in any country other than the United States) describing the terms of this Agreement (including any filings of this Agreement) prior to submission of such filings, and shall give due consideration to any reasonable comments by the non-filing Party relating to such filing, including the provisions of this Agreement for which confidential treatment should be sought.

11.4 Existing Confidentiality Agreement. For the avoidance of doubt, any information disclosed by MacroGenics to Servier prior to the Effective Date pursuant to the Non-Disclosure Disclosure Agreement between MacroGenics and Servier dated ******* (the "Existing Confidentiality Agreement") shall be treated as Confidential Information for all purposes under this Agreement.

11.5 Remedies. In the event a Party breaches the confidentiality obligations set forth in this ARTICLE 11, the other Party shall be entitled to seek, in addition to any other right or remedy it may have, at Law or in equity, a temporary injunction, without the posting of any bond or other security, enjoining or restraining the breaching Party from any violation or threatened violation of this ARTICLE 11.

11.6 Publications. Neither Party nor its Affiliates shall publish or publicly disclose the results of any of the Research or Development activities conducted by either Party under this Agreement without the prior written consent of the other Party, except as expressly permitted in this Section 11.6 or otherwise in this Agreement. The Parties recognize that it may be useful or required to publish or publicly disclose the results of Research and Development work on Program DARTs and Licensed Products, and each Party (and its Affiliates) shall be free to publish or publicly disclose such results, subject to the prior review by the other Party for patentability and protection of its Confidential Information as described in this Section 11.6. The Party that desires to publish results hereunder shall provide the other Party with a copy of such proposed abstract, manuscript, or presentation no less than *** prior to its intended submission for publication. The reviewing Party shall respond in writing promptly and in no event later than thirty *** after receipt of the proposed material, with one or more of the following: (a) comments on the proposed material, which the publishing Party shall consider in good faith, (b) a specific statement of concern, based upon the need to seek patent protection, or (c) an identification of the reviewing Party's Confidential Information that is contained in the material reviewed. In the event of concern over patent protection, the publishing Party agrees not to submit such publication or to make such presentation that contains such information until the reviewing Party is given a reasonable period of time, and in no event less than ***, to seek patent protection for any material in such publication or presentation which it believes is patentable. Any Confidential Information of the reviewing Party shall, if requested by the reviewing Party, be removed by the other Party.

11.7 Return of Confidential Information. Upon the expiration or termination of this Agreement, the Receiving Party shall return to the Disclosing Party all Confidential Information received by the Receiving Party from the Disclosing Party (and all copies and reproductions thereof). In addition, the Receiving Party shall destroy: (a) any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party; and (b) any Confidential Information of the Disclosing Party (and all copies and reproductions thereof) which is in electronic form or cannot otherwise be returned to the Disclosing Party. Alternatively, upon written request of the Disclosing Party, the Receiving Party shall destroy all Confidential Information received by the Receiving Party from the Disclosing Party (and all copies and reproductions thereof) and any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party. Nothing in this Section 11.7 shall require the alteration, modification, deletion or destruction of archival tapes or other electronic back-up media made in the ordinary course of business; provided that the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE 11 with respect to any Confidential Information contained in such archival tapes or other electronic back-up media. Any requested destruction of Confidential Information shall be certified in writing to the Disclosing Party by an authorized officer of the Receiving Party supervising such destruction. Notwithstanding the foregoing, (i) the Receiving Party's legal counsel may retain one copy of the Disclosing Party's Confidential Information solely for the purpose of determining the Receiving Party's continuing obligations under this ARTICLE 11 and (ii) the Receiving Party may retain the Disclosing Party's Confidential Information and its own notes, reports and other documents (A) to the extent reasonably required (i) to comply with applicable Law and regulatory requirements; (ii) to exercise the rights and

licenses of the Receiving Party expressly surviving expiration or termination of this Agreement; and (iii) to perform the obligations of the Receiving Party expressly surviving expiration or termination of this Agreement; or (B) to the extent it is impracticable to do so without incurring disproportionate cost. Notwithstanding the return or destruction of the Disclosing Party's Confidential Information, the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE 11.

ARTICLE 12
REPRESENTATIONS AND WARRANTIES

12.1 Representations and Warranties of Both Parties. Each Party hereby represents and warrants to the other Party, as of the Effective Date, that:

12.1.1 such Party is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

12.1.2 such Party has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

12.1.3 this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof;

12.1.4 the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement or any provision thereof, or any instrument or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Law of any court, governmental body or administrative or other agency having jurisdiction over such Party; and

12.1.5 no government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any applicable Laws currently in effect, is or will be necessary for, or in connection with, the transaction contemplated by this Agreement, or for the performance by it of its obligations under this Agreement, except as necessary to conduct clinical trials or to seek or obtain Regulatory Approvals.

12.2 Representations and Warranties of MacroGenics and its Affiliates. MacroGenics and its Affiliates hereby represent and warrant to Servier that:

12.2.1 As of the Effective Date, MacroGenics is the owner of, or has Control via a license to, the MacroGenics Patents listed on Exhibit B;

12.2.2 There are not as of the Effective Date, nor have there been over the *** period immediately preceding the Effective Date, any claims, lawsuits, arbitrations, legal or administrative or regulatory proceedings, charges, complaints or investigations by any

Government Authority (except in the ordinary administrative course of the granting of patents and proceedings relating thereto) or by any Third Party relating to the MacroGenics Patents or MacroGenics Know-How;

12.2.3 As of the Effective Date, to MacroGenics' and its Affiliates knowledge, the exercise by Servier of the rights and licenses granted to Servier by MacroGenics under this Agreement shall not infringe any rights owned or controlled by any Third Party in the Servier Territory;

12.2.4 As to the Effective Date, to MacroGenics' and its Affiliates knowledge *** it has not (i) employed and has not used a contractor or consultant that has employed, any individual or entity debarred by the FDA (or subject to a similar sanction of EMA), or, (ii) employed any individual who or entity that is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMA), in the conduct of any pre-clinical activities or clinical studies of Program DARTs;

12.2.5 As to the Effective Date, MacroGenics has the right to grant all rights and licenses it purports to grant to Servier with respect to the MacroGenics IP under this Agreement and it has not granted any license, right or interest in, to or under MacroGenics IP to any Third Party that is inconsistent with the licenses and rights granted to Servier under Section 4.1;

12.2.6 As of the Effective Date, to MacroGenics and its Affiliates' knowledge the MacroGenics IP are all of the Patents and Know-How Controlled by MacroGenics or its Affiliates which are reasonably necessary for the Development, Manufacture, Commercialization of the Program DART and/or Licensed Products in the Field in the Servier Territory;

12.2.7 To MacroGenics knowledge, the Research and Development of the Program DART and the Licensed Product prior to the Effective Date by or on behalf of MacroGenics has been carried out without infringing any Patent owned or controlled by a Third Party;

12.2.8 As of the Effective Date, to MacroGenics' knowledge, there are no activities by Third Party that would constitute infringement or misappropriation of the MacroGenics IP;

12.2.9 As of the Effective Date, to MacroGenics' knowledge, there is no reason for MacroGenics or a court of competent jurisdiction to reasonably conclude that the MacroGenics Patents are invalid or unenforceable. To MacroGenics' knowledge, the claims included in any issued MacroGenics Patent are valid and in full force and effect. All fees required to be paid to the governmental authorities prior to the Effective Date to prosecute or maintain the MacroGenics Patent in the Servier Territory have been filed and have been paid;

12.2.10 MacroGenics has maintained prior to the Effective Date and, unless agreed to otherwise by Servier and except as provided in this Agreement, during the Agreement Term will maintain and keep in full force and effect all agreements and filings (including Patent filings) necessary to perform its obligations hereunder.

12.3 Representation and Warranty of LLS. LLS hereby represents and warrants to MacroGenics that IdRS is an Affiliate of LLS.

12.4 Mutual Covenants. Each Party hereby covenants to the other Party that:

12.4.1 Such Party shall comply with all applicable Laws in connection with this Agreement and the transactions contemplated hereby.

12.4.2 All employees of such Party or its Affiliates working under this Agreement will be under the obligation to assign all right, title and interest in and to their inventions and discoveries, whether or not patentable, to such Party as the sole owner thereof;

12.4.3 To its knowledge *** such Party will not (a) employ or use any contractor or consultant that employs, any individual or entity debarred by the FDA (or subject to a similar sanction of EMA) or, (b) employ any individual who or entity that is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMA), in each of clauses (a) and (b) in the conduct of its activities under this Agreement;

12.4.4 Such Party shall perform its activities pursuant to this Agreement in compliance in all material respects with GLP, GCP and cGMP (including those specified by the ICH), in each case as applicable; and

12.4.5 Neither Party shall, during the Agreement Term grant any right or license to any Third Party relating to any of the intellectual property rights it owns or Controls which would conflict with any of the rights or licenses granted or to be granted to the other Party hereunder pursuant to the provisions of ARTICLE 4.

12.5 Disclaimer. Except as otherwise expressly set forth in this Agreement, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY THAT ANY PATENTS ARE VALID OR ENFORCEABLE, AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT. Without limiting the generality of the foregoing except as otherwise expressly set forth in this Agreement, each Party disclaims any warranties with regards to: (a) the success of any study or test commenced under this Agreement, (b) the safety or usefulness for any purpose of the technology or materials, including any compounds, it provides or discovers under this Agreement; or (c) the validity, enforceability, or non-infringement of any intellectual property rights or technology it provides or licenses to the other Party under this Agreement.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

ARTICLE 13
INDEMNIFICATION

13.1 Indemnification by Servier. Servier shall defend, indemnify and hold harmless the MacroGenics Indemnitees from and against any and all losses, damages, fees, expenses, settlement amounts or costs (including reasonable attorneys' fees and witness fees) ("Losses") relating to or in connection with a Third Party claim in the Servier Territory arising out of (a) any actual death, personal bodily injury or damage to real or tangible personal property proven to result, directly or indirectly, from the possession, use or consumption of, or treatment with, a Program DART or Licensed Product Researched, Developed, Manufactured or Commercialized in the Servier Territory by or on behalf of Servier or its Affiliates or Sublicensees, including any product liability claims; (b) any breach by Servier of its representations, warranties or covenants made under this Agreement; or (c) any negligent act or omission or willful misconduct of Servier or its Affiliates or Sublicensees or any of their employees, contractors or agents, in performing Servier's obligations or exercising Servier's rights under this Agreement; provided, however, that the foregoing indemnity shall not apply to the extent that any such Losses (i) are attributable to the gross negligence or willful misconduct of the MacroGenics Indemnitees, or (ii) are otherwise subject to an obligation by MacroGenics to indemnify the Servier Indemnitees under Section 13.2. For purposes of clarity, notwithstanding anything to the contrary in this Agreement, Servier shall not be liable for any Losses resulting from any claim in the MacroGenics Territory that results from any acts or omissions of MacroGenics, its Affiliates or Sublicensees, even if Servier had knowledge of, reviewed, commented on, or approved such acts or omissions of MacroGenics' or its Affiliates' or Sublicensees' plans with respect thereto.

13.2 Indemnification by MacroGenics. MacroGenics shall defend, indemnify and hold harmless the Servier Indemnitees from and against any and all Losses relating to or in connection with a Third Party claim in the MacroGenics Territory arising out of (a) any actual death, personal bodily injury or damage to real or tangible personal property proven to result, directly or indirectly, from the possession, use or consumption of, or treatment with, a Program DART or Licensed Product Researched, Developed, Manufactured or Commercialized in the MacroGenics Territory by or on behalf of MacroGenics or its Affiliates or Sublicensees, including any product liability claims; (b) any breach by MacroGenics of its representations, warranties or covenants made under this Agreement; or (c) any negligent act or omission or willful misconduct of MacroGenics or its Affiliates or Sublicenses or any of their employees, contractors or agents, in performing MacroGenics' obligations or exercising MacroGenics' rights under this Agreement; provided, however, that the foregoing indemnity shall not apply to the extent that any such Losses are attributable to (i) the gross negligence or willful misconduct of the Servier Indemnitees, or (ii) are otherwise subject to an obligation by Servier to indemnify the MacroGenics Indemnitees under Section 13.1. For purposes of clarity, notwithstanding anything to the contrary in this Agreement, MacroGenics shall not be liable for any Losses resulting from any claim in the Servier Territory that results from any acts or omissions of Servier, its Affiliates or Sublicensees, even if MacroGenics had knowledge of, reviewed, commented on, or approved such acts or omissions of Servier's or its Affiliates' or Sublicensees' plans with respect thereto.

13.3 Procedure. In the event of a claim by a Third Party against any Person entitled to indemnification under this Agreement, the Party claiming indemnification (in such capacity, the "Indemnified Party") shall promptly notify the other Party (in such capacity, the "Indemnifying

Party") in writing of the claim (it being understood that the failure by the Indemnified Party to give prompt notice of a Third Party claim as provided in this Section 13.3 shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that such Indemnifying Party is actually prejudiced as a result of such failure to give prompt notice). Within ******* after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, undertake and solely manage and control, at its sole expense and with counsel reasonably satisfactory to the Indemnified Party, the defense of the claim. If the Indemnifying Party does not undertake such defense, the Indemnified Party shall control such defense. The Party not controlling such defense shall cooperate with the other Party and may, at its option and expense, participate in such defense with counsel of its choice; provided, that, if the Indemnifying Party assumes control of such defense and the Indemnified Party in good faith concludes, based on advice from counsel, that the Indemnifying Party and the Indemnified Party (or the relevant MacroGenics Indemnitee or Servier Indemnitee seeking indemnification) have conflicting interests with respect to such action, suit, proceeding or claim, the Indemnified Party's counsels may fully participate in such defense and the Indemnifying Party shall be responsible for the reasonable fees and expenses of one counsel to the indemnified Persons solely in connection therewith. The Party controlling such defense shall keep the other Party advised of the status of such action, suit, proceeding or claim and the defense thereof and shall consider recommendations made by the other Party with respect thereto. Except if the Indemnifying Party did not undertake defense of the claim or if the Indemnifying Party and the Indemnified Party (or the relevant MacroGenics Indemnitee or Servier Indemnitee seeking indemnification) have conflicting interests with respect to such action, suit, proceeding or claim and the Indemnified Party engages separate counsel, as provided above, the Indemnifying Party shall not be liable for any litigation costs or expenses incurred by the Indemnified Party without the Indemnifying Party's written consent. The Indemnified Party shall not settle any such action, suit, proceeding or claim without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, delayed or conditioned. The Indemnifying Party shall not settle, without the prior written consent of the Indemnified Party, any such action, suit, proceeding or claim, or consent to any judgment in respect thereof, that does not include a complete and unconditional release of the Indemnified Party from all liability with respect thereto, that imposes any liability or obligation on the Indemnified Party or that acknowledges fault by the Indemnified Party.

13.4 Allocation. In the event a claim is based partially on an indemnified claim and partially on a non-indemnified claim or based partially on a claim indemnified by one Party and partially on a claim indemnified by the other Party, any payments in connection with such claims are to be apportioned between the Parties in accordance with the degree of cause attributable to each Party.

13.5 EXCLUSION OF CONSEQUENTIAL DAMAGES. EXCEPT WITH RESPECT TO A BREACH OF ARTICLE 11 OR THIRD PARTY CLAIMS THAT ARE SUBJECT TO INDEMNIFICATION UNDER THIS ARTICLE 13, NEITHER MACROGENICS NOR SERVIER, NOR ANY OF THEIR RESPECTIVE AFFILIATES, WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE

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AND STRICT PRODUCT LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER SUCH PARTY OR ANY REPRESENTATIVE OF SUCH PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE.

ARTICLE 14
TERM AND TERMINATION

14.1 Agreement Term; Expiration. This Agreement shall become effective as of the Effective Date, and, in the event Servier does not exercise a Option by the end of the Option Periods, shall expire in its entirety at the end of the last Option Period to expire, unless earlier terminated in accordance with this ARTICLE 14. In the event Servier exercises an Option in accordance with Section 3.3, this Agreement shall continue in full force with respect to the Licensed Program that was licensed under such Option until the last to expire Royalty Term for a Licensed Product from such Licensed Program in the Servier Territory. After the last to expire Royalty Term for a Licensed Product in a country in the Servier Territory, Servier shall be granted a fully paid-up non-exclusive license to use MacroGenics Know-How to Manufacture and Commercialize such Licensed Product in the Field in such country in the Servier Territory.

14.2 Termination for Cause. Either Party (the "Non-Breaching Party") may, without prejudice to any other remedies available to it under applicable Law or in equity, terminate this Agreement in its entirety or with respect to an Option or Licensed Program if the other Party (the "Breaching Party") shall have materially breached or defaulted in the performance of its obligations hereunder with respect to the Program which is subject to such Option and/or such Licensed Program, and such default shall have continued for *** after written notice thereof was provided to the Breaching Party by the Non-Breaching Party, such notice describing the alleged breach. Any such termination of this Agreement under this Section 14.2 shall become effective at the end of such *** cure period, unless the Breaching Party has cured such breach or default prior to the expiration of such cure period provided however that if the Breaching Party notifies the Non-Breaching Party within such *** period that the Breaching Party disagrees in good faith with such asserted basis for termination, this Agreement shall not terminate unless and until the matter has been finally resolved in accordance with Section 16.2 and the arbitration award rendered in accordance with Section 16.2 specify that the Non-Breaching Party shall have the right to terminate this Agreement based on such asserted Breach. The right of either Party to terminate this Agreement as provided in this Section 14.2 shall not be affected in any way by such Party's waiver or failure to take action with respect to any previous default.

14.3 Termination for Patent Challenge. If either Party or any of its Affiliates or Sublicensees: (a) commences or otherwise voluntarily determines to participate in any action or proceeding (including any patent opposition or re-examination proceeding), challenging or denying the validity of any of the other Party's Patents or Joint Patents licensed hereunder or any claim thereof, or (b) actively assists any other Person in bringing or prosecuting any action or proceeding (including any patent opposition or re-examination proceeding) challenging or denying the validity of any of such Patents or any claim thereof, the non-challenging Party shall

have the right to terminate this Agreement with respect to the Option or Licensed Program to which such Patents are subject upon *** written notice to the other Party. Any such termination shall only become effective if the challenging Party or its Affiliate or Sublicensee, as applicable, has not withdrawn such action before the end of the above notice period.

14.4 Termination for Convenience.

14.4.1 During the Research Term. At any time following ***, Servier shall have the right to terminate this Agreement in its entirety or with respect to an Option upon not less than *** prior written notice thereof to MacroGenics.

14.4.2 During a License Term. At any time during a License Term, Servier shall have the right to terminate this Agreement in its entirety or to terminate the Licensed Program subject to such License Term or to terminate this Agreement or such Licensed Program on a country-by-country basis upon not less than *** prior written notice thereof to MacroGenics.

14.5 Termination for Insolvency Event. Either Party may terminate this Agreement upon written notice to the other Party if the other Party suffers an Insolvency Event.

14.6 Termination by Servier for Safety or Public Health Reasons. If Servier reasonably determines that a safety or public health issue has arisen which (a) is demonstrated by clinically relevant events which are documented and (b) relates to a Program DART or a Licensed Product, such that the medical risk/benefit of such Program DART of Licensed Product is sufficiently unfavorable as to be incompatible with the welfare of patients to Develop or Commercialize or to continue to Develop or Commercialize such Program DART or Licensed Product, Servier shall immediately notify MacroGenics, and Servier shall be permitted to terminate this Agreement with respect to the Option or Licensed Program to which such Program DART or Licensed Product is subject upon written notice to MacroGenics, but in any event within *** of Servier's determination of such issue.

14.7 Effect of Expiration or Termination.

14.7.1 Upon termination of this Agreement by MacroGenics in whole or with respect to one or more Terminated Options, Terminated Licensed Programs and/or Terminated Territories pursuant to Section 14.2, 14.3, or 14.5 or by Servier in whole or with respect to one or more Terminated Options, Terminated Licensed Programs or Terminated Territories pursuant to Section 14.4 or 14.6:

(a) all rights, licenses and options granted by MacroGenics to Servier with respect to each Terminated Option, Terminated Licensed Program and/or Terminated Territory hereunder shall terminate and Servier shall not have any rights to use or exercise any rights under the MacroGenics IP with respect to any such Terminated Option, Terminated Licensed Program and Terminated Territory;

(b) if such termination occurs during a Research Term, (i) Servier shall Complete any ongoing Clinical Studies in the Servier Territory for Licensed Product that is subject to the Terminated Option where such completion is required by any applicable Law, requested by any Regulatory Authority or would be dictated by any applicable Institutional Review Board with oversight of such Clinical Study in the Servier Territory; and (ii) Servier shall promptly transfer and assign to MacroGenics all Supplemental Data and *** and

(c) if such termination occurs during a License Term:

(i) Servier shall provide to MacroGenics a fair and accurate detailed written description of the status of the Development and Commercialization of the Program DARTs and Licensed Products subject to such Terminated Licensed Program and/or in the Terminated Territory through the effective date of termination within **** of such termination;

(ii) the licenses granted to MacroGenics pursuant to Section 4.2 with respect to such Terminated Licensed Program shall remain in effect and shall become irrevocable;

(iii) Servier hereby grants to MacroGenics, effective upon the request of MacroGenics, ***.

(iv) In the event that MacroGenics requests a license under clause (iii) above and Servier has previously Completed a Phase 3 Clinical Trial for a Licensed Product subject to the Terminated Licensed Program or such Terminated Territory before the effective date of termination, ****;

(v) Servier shall promptly transfer and assign to MacroGenics all Regulatory Documentation and other technical and other information or materials in Servier's or its Affiliates' possession or control which are necessary or useful for the Research, Development or Commercialization of the Program DARTs or Licensed Products in each Terminated Licensed Program and Terminated Territory or, if Licensed Program remains or country remains in the Servier Territory, anywhere in the world; provided, that Servier may retain a single copy of such items for its records;

(vi) Promptly upon request by MacroGenics, but in no event commencing later than **** after the effective date of termination or continuing for more than **** (except to the extent that requirements of a Regulatory Authority necessitate a longer period), Servier shall provide such assistance to MacroGenics as may be reasonably necessary or useful for MacroGenics to commence or continue Developing, Manufacturing or Commercializing Licensed Products under or in the Terminated Licensed Program or Terminated Territory, to the extent Servier is then performing or having performed such activities, including transferring or amending as appropriate, upon request of MacroGenics, any agreements or arrangements with Third Party vendors to Develop, Manufacture or Commercialize Licensed Products under or in such Terminated Licensed Program or Terminated Territory. To the extent that any such contract between Servier and a Third Party is not assignable to MacroGenics, Servier shall reasonably cooperate with MacroGenics to arrange to continue to provide such services for a reasonable time

after termination, not exceeding ***. Within *** after MacroGenics' receipt of a proper invoice therefor, MacroGenics shall reimburse Servier for Servier's and its Affiliates' reasonable Out-of-Pocket Costs incurred in connection with any technology transfer conducted pursuant to this clause (vi); and

(vii) in the event this Agreement is terminated pursuant to Section 14.6, Servier shall reasonably cooperate with MacroGenics to either (A) wind down any ongoing Global Clinical Trial conducted under a Global Development Plan previously approved by Servier or (B) which is conducted by Servier in the Servier Territory for the Licensed Product, and/or diligently perform any follow-up of a clinical trial initiated in Servier Territory requested by any Regulatory Authority or dictated by any applicable Institutional Review Board. ******* the activities mentioned in (A) above and *** shall entirely fund the activities mentioned in (B) above. Servier and Servier's Affiliates shall provide MacroGenics written notice of the quantity of Licensed Product that Servier has in inventory for sale under or in each Terminated Licensed Program or Terminated Territory and permit MacroGenics, at MacroGenics' option, to purchase all or any part of Servier's worldwide unsold inventory of such Licensed Product ***.

14.7.2 Upon termination of this Agreement by Servier pursuant to Section 14.2 or 14.3:

(a) all rights, licenses and options granted to Servier, its Affiliates or Sublicensees pursuant to this Agreement shall remain in effect;

(b) all payment obligations under ARTICLE 8 shall remain in effect; and

(c) all licenses granted by Servier, its Affiliates or Sublicensees pursuant to this Agreement, if this Agreement was terminated in its entirety, or with respect to a Terminated Licensed Program, including pursuant to section 4.2, shall terminate.

14.8 Accrued Rights; Surviving Provisions of the Agreement.

14.8.1 Accrued Rights. Termination or expiration of any aspect of this Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of any Party prior to such termination or expiration including the payment obligations under ARTICLE 9 hereof, and any and all damages or remedies arising from any breach hereunder. Such termination or expiration shall not relieve any Party from obligations which are expressly indicated to survive termination of this Agreement.

14.8.2 Surviving Provisions of the Agreement. The provisions of Sections 3.3.3(c), 6.1.2, 9.6-9.9 (with regard to accrued but unpaid amounts), 9.10, 10.3.3, 12.5, 14.7 and 14.8 and ARTICLE 13 and ARTICLE 16, and any applicable definitions in ARTICLE 1, shall survive any partial or entire termination of this Agreement or partial or entire expiration of this Agreement for any reason, in accordance with their respective terms and conditions, and for the duration stated, and where no duration is stated, shall survive indefinitely. ARTICLE 11 shall survive for a period of ******* after the effective date of the entire termination or expiration of this Agreement.

ARTICLE 15
STANDSTILL

15.1 Standstill. Servier agrees that neither it nor any Affiliate, acting alone or as part of any group, shall directly or indirectly, for a period commencing on the Effective Date and ending *** after the Effective Date, without the prior written approval of MacroGenics' Board of Directors:***

15.1.1 acquire or agree, offer, seek or propose to acquire, or cause to be acquired, ownership (including, but not limited to, beneficial ownership as defined in Rule 13d 3 under the Securities and Exchange Act of 1934) of any of the assets or businesses of MacroGenics or of any securities of MacroGenics, or any rights or options to acquire any such ownership (including from a third party);

15.1.2 make, or in any way ***, in any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) to vote, or seek to advise or influence any person with respect to the voting of any voting securities of MacroGenics;

15.1.3 form, join or in any way participate in, a "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) with respect to any voting securities of MacroGenics;

15.1.4 otherwise act, whether alone or in concert with others, to seek to propose to MacroGenics any merger, business combination, restructuring, recapitalization or similar transaction to or with MacroGenics or otherwise act, whether alone or in concert with others, to seek to control, *** of MacroGenics who is not nominated by the then incumbent directors,

15.1.5 solicit, negotiate with, or provide any information to, any person with respect to a merger, exchange offer or liquidation of MacroGenics or any other acquisition of MacroGenics, any acquisition or voting securities of or all or any portion of the assets of MacroGenics or any other similar transaction;

15.1.6 announce an intention to, *** with any third party with respect to, any of the foregoing; or

15.1.7 disclose any *** with the foregoing, or advise, assist or encourage any other persons in connection with any of the foregoing.

In addition, Servier hereby agrees that during the term of this Agreement, it shall not request MacroGenics, directly or indirectly, to amend or waive any provision of this ARTICLE 15, (including this sentence.) ***.

ARTICLE 16
MISCELLANEOUS

16.1 Disputes.

16.1.1 In the event any dispute arises out of or in relation to or in connection with this Agreement, including failure to perform under or breach of, this Agreement or any issue relating to the interpretation or application of this Agreement, the Parties shall use good faith efforts to resolve such dispute within ******* *** after a Party notifies the other Party of such dispute, whether through the JEC, JSC, JRDC or any subcommittee, as applicable, if the dispute is within the responsibilities of such a committee, or otherwise. If the Parties are unable to resolve such dispute, at the JSC, JRDC or subcommittee level or otherwise, within such ******* *** period, either Party may, by written notice to the other Party refer such dispute to the JEC for resolution, and the JEC shall attempt in good faith to resolve such dispute within ******* days after such notice.

16.1.2 Any dispute with respect to which a Party has final decision-making authority pursuant to Section 2.9.3 or any dispute between the Parties concerning the validity, scope, enforceability, inventorship, or ownership of intellectual property rights (each, a "Non-Arbitrable Dispute"), shall not be subject to resolution by binding arbitration under 16.2.

16.2 Arbitration. If the JEC is unable to resolve a given dispute referred to it pursuant to Section 2.9.3 or 16.1 within ******* *** following such referral of such dispute to the JEC, except for any Non-Arbitrable Disputes, either Party may have the given dispute settled by binding arbitration in the manner described below:

16.2.1 Arbitration Request. If a Party intends to begin an arbitration to resolve a dispute arising under this Agreement, such Party shall provide written notice (the "Arbitration Request") to the other Party of such intention and the issues for resolution.

16.2.2 Additional Issues. Within ******* *** after the receipt of the Arbitration Request, the other Party may, by written notice, add additional issues for resolution.

16.2.3 Arbitration Rules; Location. Except as expressly provided herein, the sole mechanism for resolution of any claim, dispute or controversy arising out of or in connection with or relating to this Agreement or the breach or alleged breach thereof shall be arbitration by the ******* then in effect except as provided herein. Neither Party shall be required to give general discovery of documents, but may be required to produce documents or testimony which are considered relevant by the arbitrators to the dispute. The production of electronic documents shall be limited to those located in sources that are used in the ordinary course of business. Neither Party shall be ordered to restore backup tapes; erased, damaged or fragmented data, or data normally deleted in the ordinary course of business. When the cost and burden of discovery are disproportionate to the likely importance of the requested materials, the arbitrator may deny the requests or require that the requesting party advance the reasonable cost of production to the other Party. The Parties can further agree to limit the extent of discovery in any arbitration undertaken pursuant to this Agreement. The arbitration shall take place in ***

16.2.4 Privileges. If a Party is entitled to attorney-client or attorney work product privileges from disclosure established under public policy provisions, such privileges shall apply and may be invoked by the other Party.

16.2.5 English Language. All proceedings shall be held in English and a transcribed record prepared in English. Documents submitted in the arbitration (the originals of which are not in English) shall be submitted together with a reasonably complete and accurate English translation.

16.2.6 Selection of Arbitrators. The Parties shall each choose one arbitrator within ******* after receipt of notice of the intent to arbitrate and the said two arbitrators shall select by mutual agreement a third arbitrator within ******* after they have been selected as arbitrators. If no arbitrator is appointed within the times herein provided or any extension of time that is mutually agreed on, ******* shall make such appointment (i.e. shall appoint three arbitrators) within ******* after such failure. Additionally, if the two arbitrators selected by the Parties fail to appoint a third arbitrator within the time provided, *** shall appoint the third arbitrator.

16.2.7 Experience. If the issues in dispute involve scientific or technical matters, any arbitrators chosen hereunder shall have educational training or experience sufficient to demonstrate a reasonable level of knowledge in the pharmaceutical and biotechnology fields.

16.2.8 Powers of Arbitrators. The arbitrators shall be limited in the scope of their authority to resolving only the specific matter which the Parties have referred to arbitration for resolution and shall not have authority to render any decision or award on any other issues. Without limiting the foregoing, the arbitrators:

(a) shall not have any power or authority to add to, alter, amend or modify the terms of this Agreement but shall specify rules sufficient to allow reasonable discovery by the Parties;

(b) shall establish and enforce appropriate rules to ensure that the proceedings, including the decision, be kept confidential and that all Confidential Information of the Parties be kept confidential and be used for no purpose other than the arbitration; and

(c) shall issue all preliminary awards and the final award in writing.

16.2.9 Injunctive Relief. Nothing in this Agreement shall be deemed as preventing either Party from seeking injunctive relief (or any other provisional remedy such as temporary restraining order, preliminary injunction or other interim equitable relief) from the arbitrators or from any court having jurisdiction over the Parties (and prior to or during any arbitration if necessary to protect the interests of such Party in avoiding irreparable harm or to preserve the status quo pending the arbitration proceeding) and the subject matter of the dispute as necessary to protect either Party's name, proprietary information, Know-How or any other proprietary right or otherwise to avoid irreparable harm.

16.2.10 Costs; Exclusion from Award. The award rendered by the arbitrators ***.

16.2.11 Survivability. Any duty to arbitrate under this Agreement shall remain in effect and be enforceable after termination of this Agreement.

16.3 Governing Law. This Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with the *** without reference to conflicts of laws principles. ***

16.4 Assignment. Neither this Agreement nor any right or obligation hereunder may be assigned or otherwise transferred by any Party without the consent of the other Party; provided, however, that any Party may, without such consent, assign this Agreement, in whole or in part: (a) to any of its respective Affiliates; provided that the assigning Party shall remain jointly and severally liable with such Affiliate in respect of all obligations so assigned, or (b) to any successor in interest by way of merger, acquisition or sale of all or substantially all of its assets to which this Agreement relates (an "M&A Event"); provided that such successor agrees in writing to be bound by the terms of this Agreement as if it were the assigning party. Any assignment not in accordance with this Section 16.4 shall be void. Each Party agrees that, notwithstanding any provisions of this Agreement to the contrary, if this Agreement is assigned by a Party in connection with an M&A Event, such assignment shall not provide the non-assigning Party with rights or access to any

intellectual property or technology of the acquirer of the assigning Party. ***

16.5 Force Majeure. No Party shall be held liable or responsible to the other Party nor be deemed to be in default under, or in breach of any provision of, this Agreement for failure or delay in fulfilling or performing any obligation (other than a payment obligation) of this Agreement when such failure or delay is due to force majeure, and without the fault or negligence of the Party so failing or delaying. For purposes of this Agreement, force majeure is defined as causes beyond the control of the Party, including acts of God; war; civil commotion; destruction of production facilities or materials by fire, flood, earthquake, explosion or storm; external labor disturbances; epidemic; and failure of public utilities or common carriers. In such event MacroGenics or Servier, as the case may be, shall immediately notify the other Party of such inability and of the period for which such inability is expected to continue. The Party giving such notice shall thereupon be excused from such of its obligations under this Agreement as it is thereby disabled from performing for so long as it is so disabled for up to a maximum of ***, after which time MacroGenics and Servier shall promptly meet to discuss in good faith how to best proceed in a manner that maintains and abides by this Agreement. To the extent possible, each Party shall use reasonable efforts to minimize the duration of any force majeure. If a force majeure event prevents a Party from performing any of its Development obligations for a Global Clinical Trial or Manufacturing obligations hereunder that would delay the Development or Manufacture of Licensed Product in the non-affected Party's Territory, then, if the Parties can not agree on how to best proceed following such discussions, then, notwithstanding the exclusive license grants hereunder, the Party not affected by the force majeure event shall be permitted to either perform directly or engage a Third Party clinical research organization or contract manufacturing organization to perform such Development and/or Manufacturing obligations for the duration of such force majeure event.

16.6 Notices. Any notice or request required or permitted to be given under or in connection with this Agreement shall be deemed to have been sufficiently given if in writing and personally delivered or sent by certified mail (return receipt requested), facsimile transmission (receipt verified), or reputable international business courier (signature required), prepaid, to the Party for which such notice is intended, at the address set forth for such Party below:

If to MacroGenics,

addressed to:
MacroGenics, Inc.
9640 Medical Center Drive
Rockville, MD 20850
Attention: Chief Executive Officer
Facsimile: ***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

If to Servier,

addressed to:
Les Laboratoires Servier
50 rue Carnot
92284 Suresnes Cedex
France
Attention: ***
Facsimile: ***

or to such other address for such Party as it shall have specified by like notice to the other Parties, provided that notices of a change of address shall be effective only upon receipt thereof. The effective date of any notice shall be the actual date of receipt by the Party receiving the same.

16.7 Export Clause. Each Party agrees that, as of the Effective Date, it will not export or re-export restricted commodities or the technical data of the other Party in any form without the appropriate United States and non-United States government licenses.

16.8 Waiver. Neither Party may waive or 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 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.

16.9 Severability. If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

16.10 Entire Agreement. This Agreement, together with the Schedules and Exhibits hereto, set forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties as to the subject matter of this Agreement and supersedes and terminates all prior agreements and understanding between the Parties with respect to the subject matter hereof. In particular, and without limitation, this Agreement supersedes and replaces the Existing Confidentiality Agreement and any and all term sheets relating to the transactions contemplated by this Agreement and exchanged between the Parties prior to the Effective Date. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties as to the subject matter of this Agreement other than as set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

16.11 Independent Contractors. Nothing herein shall be construed to create any relationship of employer and employee, agent and principal, partnership or joint venture between the Parties. Each Party is an independent contractor. Neither Party shall assume, either directly or indirectly, any liability of or for the other Party. Neither Party shall have the authority to bind or obligate the other Party and neither Party shall represent that it has such authority.

16.12 Headings; Construction; Interpretation. Headings used herein are for convenience only and shall not in any way affect the construction of or be taken into consideration in interpreting this Agreement. The terms of this Agreement represent the results of negotiations between the Parties and their representatives, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereto hereby waives the application in connection with the interpretation and construction of this Agreement of any rule of Law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement. Any reference in this Agreement to an Article, Section, subsection, paragraph, clause, Schedule or Exhibit shall be deemed to be a reference to any Article, Section, subsection, paragraph, clause, Schedule or Exhibit, of or to, as the case may be, this Agreement. Except where the context otherwise requires, (a) any definition of or reference to any agreement, instrument or other document refers to such agreement, instrument other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein), (b) any reference to any Law refers to such Law as from time to time enacted, repealed or amended, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof, (d) the words “include,” “includes,” “including,” “exclude,” “excludes,” and “excluding,” shall be deemed to be followed by the phrase “but not limited to,” “without limitation” or words of similar import.

16.13 Further Actions. Each Party shall execute, acknowledge and deliver such further instruments, and do all such other acts, as may be necessary or appropriate in order to carry out the expressly stated purposes and the clear intent of this Agreement.

16.14 Parties in Interest. All of the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by the Parties hereto and their respective successors, heirs, administrators and permitted assigns.

16.15 Performance by Affiliates. To the extent that this Agreement imposes obligations on Affiliates of a Party, such Party agrees to cause its Affiliates to perform such obligations.

16.16 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original, notwithstanding variations in format or file designation which may result from the electronic transmission, storage and printing of copies from separate computers or printers. Facsimile signatures and signatures transmitted via portable document format (PDF) shall be treated as original signatures.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

[Signature page to follow]

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

MACROGENICS, INC.

By: /s/ Scott Koenig
Name: Scott Koenig
Title: CEO

LES LABORATOIRES SERVIER

By: _____
Name: ***
Title: ***

By: _____
Name: ***
Title: ***

INSTITUT DE RECHERCHES SERVIER

By: _____
Name: ***
Title: ***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit A

DART Platform

***

A total of two pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit B

MacroGenics Patents

Title	Pending Application Number	Foreign Rights
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

A total of five pages were omitted.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit C

MacroGenics Third Party Agreements

1. ***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit 10.21

Execution Version

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Triple asterisks denote omissions.

OPTION FOR A LICENSE AGREEMENT

BY AND BETWEEN

MACROGENICS, INC.

AND

LES LABORATOIRES SERVIER

AND

INSTITUT DE RECHERCHES SERVIER

Table of Contents

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OPTION FOR A LICENSE AGREEMENT

This Option for a License Agreement (this "Agreement") is entered into and made effective as of the 24th day of November, 2011 (the "Effective Date"), by and between MacroGenics, Inc. a corporation organized and existing under the laws of the State of Delaware and having a principal office located at 1500 East Gude Drive Rockville, MD 20850, USA ("MacroGenics"), and Les Laboratoires Servier, a company organized and existing under the laws of France, having a principal office located at 50 rue Carnot 92284 Suresnes ("LLS") and Institut de Recherches Servier, a company organized and existing under the laws of France, having a principal office located at 3 rue de la République – 92150 Suresnes - France ("IdRS" and LLS and IdRS hereinafter collectively referred to as "Servier"). MacroGenics and Servier are each referred to herein by name or as a "Party" or, collectively, as "Parties."

RECITALS

WHEREAS, Servier possesses expertise in the Research, Development, Manufacturing and Commercialization (each as defined below) of pharmaceutical products;

WHEREAS, MacroGenics controls certain intellectual property related to certain antibodies targeting B7-H3, including the antibody known as MGA271;

WHEREAS, Servier is interested in receiving an exclusive option to obtain a future license under which it may further research, develop and commercialize such antibodies in the Servier Territory (as defined below), and MacroGenics is willing to grant Servier such an option to obtain a future license on the terms and conditions set forth in this Agreement; and

WHEREAS the Parties are willing to set forth the terms and conditions of an option grant and an exclusive license to enable Servier to research, develop and commercialize the above mentioned antibodies as further defined hereafter, upon exercise of the exclusive option by Servier.

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

ARTICLE 1
DEFINITIONS

As used in this Agreement, the following terms will have the meanings set forth in this ARTICLE 1 unless context dictates otherwise:

1.1 "Accounting Standards" means, with respect to a Person, generally accepted accounting principles as practiced in the United States or, to the extent applicable, IFRS (International Financial Reporting Standards).

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

1.2 "Affiliate" means, as to a Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with said first Person, regardless of whether such Affiliate is an Affiliate on the Effective Date or becomes an Affiliate after the Effective Date. A Person shall be deemed to "control" another Person if it (a) owns, directly or indirectly, beneficially or legally, more than fifty percent (50%) of the outstanding voting securities or capital stock (or such lesser percentage which is the maximum allowed to be owned by a Person in a particular jurisdiction) of such other Person, or has other comparable ownership interest with respect to any Person other than a corporation; or (b) has the power, whether pursuant to contract, ownership of securities or otherwise, to direct the management and policies of the Person.

1.3 "Agreement Term" means the period commencing on the Effective Date and ending on the expiration of this Agreement in accordance with the provisions of Section 14.1.

1.4 "Annual Net Sales" means aggregate Net Sales of Licensed Products by Servier or its Affiliates or Sublicensees in any Calendar Year, or in the first year and last year of the Royalty Term, the portion of such Calendar Year during which the Royalty Term is in effect.

1.5 "Antibody(ies)" means a monospecific molecule which comprises or contains: (a) at least one immunoglobulin variable domain or parts of such domain, variants, modifications or derivatives thereof; or (b) the nucleic acid consisting of a sequence of nucleotides encoding (or complementary to a nucleic acid encoding) the foregoing molecules in (a).

1.6 "B7-H3" means the Target referred to as B7-H3, B7H3; 4Ig-B7-H3 or CD276 that is identified by Entrez Gene ID 80381.

1.7 "Back-Up Program Antibody(ies)" means the Antibodies identified in Exhibit A-1.

1.8 "Bi-Specific DART" means a dual affinity re-targeting molecule that binds to ******* Targets, of which at least one of such Targets is B7-H3.

1.9 "BLA" means a Biologics License Application and any amendments or supplements thereto filed with the FDA pursuant to 21 C.F.R. Part 601 or any other application required for the purpose of marketing and selling a biological product filed with a Regulatory Authority outside the United States, including with respect to the EU a Product License Application, Marketing Authorization Application and/or manufacturing and importation license.

1.10 "Business Day" means a day on which banking institutions in Washington, DC, USA and Paris, France are open for business, excluding any Saturday or Sunday.

1.11 "Calendar Quarter" means a period of three (3) consecutive months ending on the last day of March, June, September, or December, respectively.

1.12 "Calendar Year" means a period of time commencing on January 1 and ending on the following December 31.

1.13 "Commercialization" or "Commercialize" means any activities directed to obtaining pricing and/or reimbursement approvals, marketing, promoting, distributing, importing, offering to sell, and/or selling a product (including establishing the price for such product).

1.14 "Commercially Reasonable Efforts" means with respect to a Party, such efforts that are consistent with the efforts and resources normally used by *** relating to the Research, Development and Commercialization of products (a) that have scientific attributes similar to those of the relevant Program Antibody or Licensed Product in oncology, (b) that are at a similar stage in their Research, Development, Commercialization or product life as the relevant Program Antibody or Licensed Product, and (c) that have commercial and market potential similar to the relevant Program Antibody or Licensed Product, taking into account issues of intellectual property scope, subject matter and coverage, safety and efficacy, product profile, competitiveness with respect to Third Party products in the marketplace, proprietary position and profitability (including pricing and reimbursement status achieved or likely to be achieved), and (d) solely owned by them or to which they have exclusive rights. If either Party grants a sublicense to an Affiliate or Third Party as permitted under this Agreement, then, with respect to such sublicensee Commercially Reasonable Efforts shall mean the efforts and resources (as defined above in this Section 1.14) normally used by the Party granting the sublicense, qualified by the items in clauses (a) – (d) inclusive.

1.15 "Competing Product" means (a) any product that *** and is specifically indicated or developed for patients that ***; and (b) any Bi-Specific DART.

1.16 "Complete" or "Completing" means, for a clinical trial, the date upon which all patients have completed protocol-defined drug administration and study database lock has occurred.

1.17 "Control," "Controls," "Controlled" or "Controlling" means, with respect to any item of or right under an intellectual property right, the possession (whether by ownership or license, other than pursuant to this Agreement) of the ability of a Party to grant access to, or a license or sublicense of, such items or right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party existing at the time such Party would be required hereunder to grant the other Party such access or license or sublicense; provided that any intellectual property right that is licensed or acquired by a Party after the Effective Date *** and that would otherwise be considered to be under the Control of such Party shall not be deemed to be under the Control of such Party if the application of such definition in the context of any licenses or sublicenses granted to the other Party under this Agreement would require the granting Party to make any additional payments or royalties to a Third Party in connection with such license or sublicense grants, unless the other Party agrees to pay the additional payments or royalties to the Third Party.

1.18 "Cover", "Covering" or "Covered" means, with respect to a product, technology, process or method that, in the absence of ownership of or a license granted under a Valid Claim, the manufacture, use, offer for sale, sale or importation of such product or the practice of such technology, process or method would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

1.19 "Develop" or "Development" means drug development activities relating to the development of compounds, products, or processes, and submission of information to a Regulatory Authority for the purpose of obtaining Regulatory Approval of a product. Development includes non-clinical activities, pharmacology studies, toxicology studies, formulation, chemical analysis, bioanalytical analysis, material performance studies (such as measurements of stability, physical form, dissolution, or visual or spectroscopic analysis, and the like), pharmacokinetic studies, clinical studies, biomarker and companion diagnostic discovery and development, regulatory affairs activities, and all other activities relating to seeking, obtaining or maintaining any Regulatory Approvals from the FDA or any other applicable Regulatory Authority.

1.20 "Development Costs" means the costs and expenses incurred by a Party or its Affiliates, attributable to, or reasonably allocable to, the Development of a Program Antibody or Licensed Product and that are consistent, if applicable, with the Development Budget and do not exceed the relevant amount set forth in such Development Budget by more than *** unless approved in writing by the JRDC and such other costs as are expressly approved in writing by the JRDC as "Development costs". "Development Costs" shall include (a) Out-of-Pocket Costs and (b) FTE Costs of internal personnel that are attributable or reasonably allocable to the Development of such Program Antibody or Licensed Product determined in accordance with applicable Accounting Standards of such Party.

1.21 "Diagnostic" means any companion diagnostic for a B7-H3 expressing tumor that is (a) Developed in combination with a Program Antibody and/or Licensed Product; and (b) used in combination with a Licensed Product.

1.22 "Dollars" or "$" means the legal tender of the United States.

1.23 "EMA" means the European Medicines Agency, or any successor entity thereto.

1.24 "EU" means the European Union, as its membership may be altered from time to time, and any successor thereto. The member countries of the European Union as of the Effective Date are Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom as well as Norway and Iceland.

1.25 "Excluded Data" means any Know-How, other than Safety Data, generated by a Party in the conduct of Development activities in accordance with a Development Collaboration Proposal where the other Party has declined to participate in such Development Collaboration Proposal and has not paid the Buy-In Amount in accordance with Section 5.4.2(b)(iv).

1.26 "FDA" means the U.S. Food and Drug Administration, or any successor entity thereto.

1.27 "FD&C Act" means the United States Federal Food, Drug, and Cosmetic Act, as amended.

1.28 "Field" means all human fields of use.

1.29 "First Commercial Sale" means the first sale of a Licensed Product by Servier, its Affiliates or its Sublicensees for use or consumption of such Licensed Product in a country in the Servier Territory where Regulatory Approval of such Licensed Product has been obtained or otherwise permitted for sale by the Governmental Authority of such country. Sale of a Licensed Product by Servier to an Affiliate of Servier or a Sublicensee of Servier shall not constitute a First Commercial Sale unless such Affiliate or such Sublicensee is the end user of a Licensed Product. In no event shall any sales for premarketing, testing or sampling be deemed a First Commercial Sale.

1.30 "FTE" means *** of work devoted to or in support of the Development or Manufacture of Program Antibodies and Licensed Product in accordance with a Global Development Plan or as required under Section 7.2, that is carried out by one or more qualified scientific or technical employees or contract personnel of MacroGenics or its Affiliates, or Servier or its Affiliates, as measured in accordance with the relevant Party's normal time allocation practices.

1.31 "FTE Cost" means, for any period, the FTE Rate multiplied by the number of FTEs in such period.

1.32 "FTE Rate" means a rate of *** per FTE per Calendar Year (pro-rated for the period beginning on the Effective Date and ending at the end of the first Calendar Year) for personnel engaged in Development and Manufacturing activities. The FTE Rate is "fully burdened" and will cover ***.

1.33 "Fully Burdened Manufacturing Cost" means with respect to a Program Antibody or Licensed Product, the aggregate of internal and external costs of MacroGenics and its Affiliates to Manufacture such Program Antibody or Licensed Product, calculated as follows: (a) to the extent that MacroGenics or its Affiliates perform all or any part of the Manufacturing of such Program Antibody or Licensed Product, the direct material costs *** and FTE Costs for such Manufacturing of such Program Antibody or Licensed Product ***, all calculated in accordance with applicable Accounting Standards as consistently applied by MacroGenics or its Affiliates; and (b) to the extent that Manufacturing of such Program Antibody or Licensed Product is performed by a Third Party, the costs paid to such Third Party for such activities *** and the reasonable direct FTE Costs incurred by MacroGenics or any of its Affiliates in managing and overseeing the Third Party relationship, determined in accordance with applicable Accounting Standards as consistently applied by MacroGenics or its Affiliates. ***.

1.34 "Generic Competition" means, with respect to a given Calendar Quarter with respect to a Licensed Product in any country, that during such Calendar Quarter, one (1) or more Third Parties sell in such country a Generic Product, such Generic Product shall be commercially available in such country and such Generic Product shall have, in the aggregate, a *** or more

market share of the aggregate of Licensed Products and Generic Products (based on data provided by IMS Health Incorporated, Fairfield, Connecticut) as measured on a ***, or if such data is not available, the Parties shall agree upon a methodology for estimating the percentage of unit sales based market share of Generic Products in such country.

1.35 "Generic Products" means, with respect to a particular Licensed Product commercialized by Servier in a particular country, any product (other than Licensed Products commercialized, directly or indirectly, by Servier, its Affiliates or Sublicensees, or by any authorized distributors of Servier, its Affiliates or Sublicensees) that either (a) is a "follow-on biologic" (FOB) or biosimilar or equivalent version to a Licensed Product, as defined by the competent Regulatory Authority, and administered in an equivalent dosage form as such Licensed Product or (b) for which a Third Party has received Regulatory Approval (based upon then-current applicable Laws governing approval of biological products) whose application for approval relies to a large extent (but not exclusively) on data generated for a Licensed Product, including Regulatory Approval under section 505(b)(2) of the Federal Food Drug, and Cosmetic Act.

1.36 "Global Clinical Trial" means a Phase 1 Clinical Trial, a Phase 2 Clinical Trial or a Phase 3 Clinical Trial that may be applicable to obtaining Regulatory Approval of Licensed Products in both the Servier Territory and the MacroGenics Territory or relies on patient recruitment from both the Servier Territory and the MacroGenics Territory.

1.37 "Good Clinical Practices" or "GCP" means the then-current standards, practices and procedures (a) promulgated or endorsed by the FDA as set forth in the guidelines entitled "Guidance for Industry E6 Good Clinical Practice: Consolidated Guidance," including related regulatory requirements imposed by the FDA; (b) set forth in Directive 2001/20/EC of the European Parliament and of the Council of 4 April 2001 and Commission Directive 2005//28/EC of 8 April 2005; (c) ICH Guideline for Good Clinical Practice E6; (d) equivalent Laws of an applicable Regulatory Authority; and (e) all additional Regulatory Authority documents or regulations that replace, amend, modify, supplant or complement any of the foregoing.

1.38 "Good Laboratory Practices" or "GLP" means the then-current good laboratory practice standards promulgated or endorsed by the FDA as defined in 21 C.F.R. Part 58, as such regulations may be amended from time to time, and the equivalent regulations promulgated by the equivalent Regulatory Authority in the jurisdiction where Development activities are performed.

1.39 "Good Manufacturing Practices" or "GMP" means then-current standards for the manufacture of pharmaceutical products, pursuant to (a) the FD&C Act (21 U.S.C. 321 et seq.); (b) relevant United States regulations in Title 21 of the United States Code of Federal Regulations (including Parts 11, 210, and 211); (c) European Community Directives 2003/94 and 91/356/EC; (d) the European Community Guide to Good Manufacturing Practice for Medicinal Intermediate Products; (e) ICH Q7A Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients; (f) equivalent Laws of an applicable Regulatory Authority at the time of Manufacture; and (g) all additional Regulatory Authority documents or regulations that replace, amend, modify, supplant or complement any of the foregoing.

1.40 "Governmental Authority" means any United States federal, state or local or any non-United States government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any governmental arbitrator or arbitral body.

1.41 "ICH" means the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

1.42 "Identified Patents" means ***.

1.43 "IND" means an Investigational New Drug Application filed with FDA or a similar application filed with an applicable Regulatory Authority outside of the United States such as a clinical trial application (CTA).

1.44 "Indication" means either (a) a discrete clinically recognized form of a disease or ***.

1.45 "Initial Phase 1 Clinical Trial" means ***

1.46 "Insolvency Event" means, with respect to any Party, the occurrence of any of the following: (a) such Party shall commence a voluntary case concerning itself under any bankruptcy, liquidation or insolvency code; (b) an involuntary case is commenced against such Party and the petition is not dismissed, bonded or stayed within ninety (90) days after commencement of the case; (c) a court-supervised custodian is appointed for, or takes charge of, all or substantially all of the property of such Party to continue undischarged or unstayed for a period of ninety (90) days; (d) any order of relief or other order approving any such case or proceeding is entered; (e) such Party is adjudicated insolvent or bankrupt; and (f) such Party makes a general assignment for the benefit of creditors.

1.47 "Joint IP" means all inventions and discoveries (and Patents claiming patentable inventions therein) first made or discovered jointly by one or more employees, consultants or agents of MacroGenics or its Affiliates, together with one or more employees, consultants or agents of Servier or its Affiliates in the course of the Research, Development, Manufacture or Commercialization of Program Antibodies and/or Licensed Product,

1.48 "Know-How" means all tangible and intangible (a) information, techniques, technology, practices, trade secrets, inventions (whether patentable or not), methods, knowledge, know-how, skill, experience, data, results (including pharmacological, toxicological and non-clinical and clinical test data and results, and Research or Development data, reports and batch records), analytical and quality control data, analytical methods (including applicable reference standards), full batch documentation, packaging records, release, stability, storage and shelf-life

data, Manufacturing process information, results and descriptions, and software and algorithms and (b) compositions of matter, cells, cell lines, assays, animal models and physical, biological or chemical material.

1.49 "Law" or "Laws" means all laws, statutes, rules, regulations, orders, judgments, or ordinances having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision.

1.50 "Licensed Product" means any therapeutic or prophylactic product that comprises or incorporates a Program Antibody as an active pharmaceutical ingredient alone or in combination with one or more other active agents.

1.51 "License Term" means the period commencing upon the License Grant Date and ending on the date of expiration or termination of this Agreement in accordance with the provisions of ARTICLE 14.

1.52***

1.53 "MacroGenics Indemnitees" means MacroGenics, its Affiliates and the directors, officers and employees of MacroGenics and its Affiliates.

1.54 "MacroGenics IP" means the MacroGenics Know-How and the MacroGenics Patents.

1.55 "MacroGenics Know-How" means Know-How that is (a) Controlled by MacroGenics or its Affiliates on the Effective Date or thereafter during the Agreement Term; (b)(i) an improvement, modification, enhancement or novel use of a Program Antibody or Licensed Product, or any improvement, modification or enhancement in the Manufacturing process or formulation of a Program Antibody or Licensed Product by or on behalf of MacroGenics or its Affiliates; or (ii) disclosed by or on behalf of MacroGenics or its Affiliates to Servier or its Affiliates pursuant to this Agreement; and (c) necessary or useful to Research, Develop, Manufacture or Commercialize any Program Antibody or Licensed Product in the Field in the Servier Territory. MacroGenics Know-How excludes MacroGenics' interest in the Joint IP.

1.56 "MacroGenics Patents" means Patents Controlled by MacroGenics or its Affiliates on the Effective Date or thereafter during the Agreement Term that claim or are directed to MacroGenics Know-How. The MacroGenics Patents existing as of the Effective Date are set forth on Exhibit B. MacroGenics Patents excludes MacroGenics' interest in the Joint IP.

1.57 "MacroGenics Territory" means the United States of America, Canada, Mexico, India, Japan, Korea and any Terminated Territory.

1.58 "MacroGenics Third Party Agreements" means (a) the agreements which are set forth on Exhibit C, and (b) any other agreement pursuant to which MacroGenics licenses or acquires Patents or Know-How that relates to the Program Antibodies or Licensed Products in

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

the Field in the Servier Territory after the Effective Date pursuant to an agreement with a Third Party, the terms and conditions of which have been approved (not to be unreasonably withheld) by Servier before its execution by MacroGenics and which Servier and MacroGenics agree shall be deemed a MacroGenics Third Party Agreement, in which case Exhibit C shall be amended accordingly. For purposes of clarity, in the event that Servier does not approve the terms and conditions of any such proposed agreement with a Third Party, nothing herein shall be deemed to preclude MacroGenics from entering into such agreement with a Third Party; provided that such agreement with a Third Party shall not be deemed a MacroGenics Third Party Agreement hereunder.

1.59 "Major Indication" means any of the following Indications: *******.

1.60 "Manufacture" or "Manufacturing" means all activities related to the manufacturing of an Antibody or product, including test method development and stability testing, formulation, process development, manufacturing scale-up, manufacturing for use in non-clinical and clinical studies, manufacturing for commercial sale, packaging, release of product, quality assurance/quality control development, quality control testing (including in-process, release and stability testing) and release of product or any component or ingredient thereof, and regulatory activities related to all of the foregoing.

1.61 "Manufacturing Process Development Costs" means the costs and expenses incurred by a Party or its Affiliates attributable to, or reasonably allocable to, the development of a Manufacturing process for Program Antibodies or Licensed Products (including *******). "Manufacturing Process Development Costs" shall include (a) Out-of-Pocket Costs and (b) FTE Costs of internal personnel that are attributable or reasonably allocable to the development of a Manufacturing process for Program Antibodies or Licensed Products determined in accordance with applicable Accounting Standards of such Party.

1.62 "MGA271" means the Antibody known as MGA271 which is described in Exhibit A-2.

1.63 "Net Sales" means, in the case of sales by or for the benefit of Servier, its Affiliates, and its Sublicensees (the "Seller") to independent, unrelated persons ("Buyers") in bona fide arm's length transactions (except as provided below with respect to clinical trial samples), the gross amount billed or invoiced by Seller with respect to the Licensed Product, less the following deductions, in each case to the extent actually allowed and taken by such Buyers and not otherwise recovered by or reimbursed to Seller in connection with such Licensed Product ("Permitted Deductions"):

***

"Net Sales" shall not include any consideration received with respect to a sale, use or other disposition of any Licensed Product in a country as part of a clinical trial necessary to obtain Regulatory Approval in such country. All of the foregoing elements of Net Sales calculations shall be determined in accordance with IFRS or successor standards and guidelines thereto. In the case of transfers of Licensed Product between any of Servier, its Sublicensees,

and Affiliates of any of the foregoing, for subsequent sale, rental, lease or other transfer of such Licensed Products to Third Parties, Net Sales shall be the gross invoice or contract price charged to the Third Party customer for that Licensed Product, less the deductions set forth in clauses *** above.

1.64 "Option Trigger Data Package" means the written report containing specified information and data on the results of the Initial Phase 1 Clinical Trial. The Option Trigger Data Package shall include ***.

1.65 "Out-of-Pocket Costs" means, with respect to certain activities hereunder, direct expenses paid or payable by either Party or its Affiliates to Third Parties and specifically identifiable and incurred to conduct such activities for a Licensed Product.

1.66 "Patent" means (a) all patents and patent applications in any country or supranational jurisdiction, and (b) any substitutions, divisionals, continuations, continuations-in-part, provisional applications, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like of any such patents or patent applications.

1.67 "Person" means any individual, partnership, joint venture, limited liability company, corporation, firm, trust, association, unincorporated organization, governmental authority or agency, or any other entity not specifically listed herein.

1.68 "Phase 1 Clinical Trial" means a human clinical trial, other than the Phase 1 Dosing Clinical Trial, that is intended to initially evaluate the safety and/or pharmacological effect of a product or that would otherwise satisfy the requirements of
21 C.F.R. 312.21(a) or an equivalent clinical trial in a country other than the United States.

1.69 "Phase 2 Clinical Trial" means a human clinical trial for which the primary endpoints include a determination of dose ranges or an indication of efficacy of a product in patients being studied as described in 21 C.F.R. §312.21(b), or an equivalent clinical trial in a country other than the United States.

1.70 "Phase 3 Clinical Trial" means a human clinical trial that is prospectively designed to demonstrate statistically whether a product is safe and effective for use in humans in the indication being investigated in a manner sufficient to obtain Regulatory Approval to market such product in patients having the disease or condition being studied as described in 21 C.F.R. §312.21(c), or an equivalent clinical trial in a country other than the United States.

1.71 "PMDA" means the Japanese Pharmaceuticals and Medical Devices Agency or any successor agency thereto.

1.72 "Program Antibody" means ***.

1.73 "Regulatory Approval" means the approval, license or authorization of the applicable Regulatory Authority necessary for Development and/or Commercialization of a Program Antibody and/or a Licensed Product for a particular Indication.

1.74 "Regulatory Authority" means the FDA in the United States or any health regulatory authority in another country that is a counterpart to the FDA and holds responsibility for allowing development of Program Antibodies and/or granting Regulatory Approval for a Licensed Product in such country, including the EMA, and any successor(s) thereto.

1.75 "Regulatory-Based Exclusivity Period" means, with respect to a Licensed Product, that period of time during which Servier or any of its Affiliates or Sublicensees has been granted the exclusive legal right by a Regulatory Authority either to market and sell a Licensed Product in a country in the Servier Territory or the exclusive right to the use of or reference to clinical data in relation to a Licensed Product.

1.76 "Regulatory Documentation" means, with respect to the Program Antibodies or Licensed Products, all INDs, BLAs, and other regulatory applications submitted to any Regulatory Authority, copies of Regulatory Approvals, regulatory materials, drug dossiers, master files (including Drug Master Files, as defined in 21 C.F.R. §314.420 and any non-United States equivalents), and any other reports, records, regulatory correspondence, meeting minutes, telephone logs, and other materials relating to Regulatory Approval of the Program Antibodies or Licensed Products (including any underlying safety and effectiveness data whether or not submitted to any Regulatory Authority), or required to manufacture, distribute or sell Licensed Products including any information that relates to pharmacology, toxicology, chemistry, manufacturing and controls data, batch records, safety and efficacy, and any safety database required to be maintained for Regulatory Authorities.

1.77 "Research" means the discovery, identification, research, characterization, modification, derivatization and optimization of pharmaceutical compounds.

1.78 "Research Plan" means a research plan developed by the Parties that sets forth the activities to be undertaken during the Research Term, which research plan may be amended from time to time by the JRDC.

1.79 "Research Term" means the period commencing with the Effective Date and ending ***.

1.80 "Restricted Indication" means any ***.

1.81 "Right of Reference or Use" means a "Right of Reference or Use" as that term is defined in 21 C.F.R. §314.3(b), and any non-United States equivalents.

1.82 "Safety Data" means adverse event information and other information (if any) required by one or more Regulatory Authorities to be collected or to be reported to such Regulatory Authorities under applicable Laws.

1.83 "Servier Collaboration IP" means the Servier Collaboration Know-How and the Servier Collaboration Patents.

1.84 "Servier Collaboration Know-How" means Know-How that is (a) Controlled by Servier or its Affiliates on the Effective Date or thereafter during the Agreement Term; (b) (i) an improvement, modification, enhancement or novel use of a Program Antibody or Licensed Product, or any improvement, modification or enhancement in the Manufacturing process or formulation of a Program Antibody or Licensed Product by or on behalf of Servier or its Affiliates; or (ii) disclosed by or on behalf of Servier or its Affiliates to MacroGenics or its Affiliates pursuant to this Agreement; and (c) necessary or useful to Research, Develop, Manufacture or Commercialize any Program Antibody or Licensed Product in the Field. Servier Collaboration Know-How excludes Servier's interest in the Joint IP.

1.85 "Servier Collaboration Patent(s)" means Patents Controlled by Servier and its Affiliates on the Effective Date or thereafter during the Agreement Term claiming or directed to Servier Collaboration Know-How.

1.86 "Servier Indemnitees" means Servier, its Affiliates and the directors, officers and employees of Servier and its Affiliates.

1.87 "Servier Territory" means the entire world excluding the MacroGenics Territory.

1.88 "SFDA" means the Chinese State Food and Drug Administration or any successor agency thereto.

1.89 "Significant Patent" means any ***.

1.90 "Sublicensee" means a Third Party to whom a Party, as permitted under this Agreement, grants a license or sublicense, as the case may be, under the MacroGenics IP or Servier IP to Research, Develop, Manufacture, Commercialize or use Program Antibodies and/or Licensed Products in the Field or otherwise grants rights to distribute, promote or sell Licensed Products in the Field.

1.91 "Target" ***

1.92 "Terminated Territory" means with respect to a termination of this Agreement pursuant to Section 14, as applicable, (i) the country(ies) subject to such termination; and (ii) with respect to termination of this Agreement in its entirety, the Servier Territory.

1.93 "Third Party" means any Person other than MacroGenics or Servier that is not an Affiliate of MacroGenics or of Servier.

1.94 "United States" or "U.S." means the United States of America and all of its territories and possessions.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

1.95 "Valid Claim" means (a) a claim of an issued patent that has not expired or been abandoned, or been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final and non-appealable judgment (or judgment from which no appeal was taken within the allowable time period) ***.

1.96 Additional Definitions. Each of the following definitions is set forth in the section of this Agreement indicated below:

Definition:	Section:
Alliance Business-Development Manager	2.1
Alliance R&D Manager	2.2
Arbitration Request	16.2.1
Audited Party	9.10
Auditing Party	9.10
Bankruptcy Code	4.8
Breaching Party	14.2
Buy-In Amount	5.4.2(b)(iv)
Buy-In Party	5.4.2(b)(ii)
Clinical Supply Agreement	7.2.1
Co-Chairperson	2.7
Commercial Supply Agreement	7.2.2
Commercialization Plan	8.4
Commercializing Party	8.1
Confidential Information	11.1
De Minimis Overage Amount	5.5.2(a)
Development Budget	5.3.1
Development Collaboration Proposal	5.4.2(b)
Disclosing Party	11.1
Excess Overage Amount	5.5.2(a)
Effective Date	Preamble
Existing Confidentiality Agreement	11.4
Global Development Plan	5.3.1
***	***
IdRS	Preamble
Indemnified Party	13.3
Indemnifying Party	13.3
Initial Development Budget	5.5.2
Initiating Party	10.4.3
Inspected Party	6.3.2
JEC	2.4.1
Joint Patents	10.3.3(a)
JRDC	2.6.1
JSC	2.5.1
License Grant Date	3.3.3(a)

Definition:	Section:
License Grant Fee	9.2.1
LLS	Preamble
Losses	13.1
M&A Event	16.4
MacroGenics	Preamble
MacroGenics Product Patents	10.3.1(a)
Non-Arbitrable Dispute	16.1.2
Non-Breaching Party	14.2
Option	3.3.3(a)
Option Grant Fee	9.1
Option Period	3.3.3(a)
Party or Parties	Preamble
Project Director	2.3
Proposed Development Plan Amendment	5.4.2(a)
Receiving Party	11.1
Reconciliation Payment	5.5.2(c)
Research Program	3.1
Responsible Party	10.3.3(b)
Royalty Term	9.5.2
SDEA Agreement	6.5.1
Servier	Preamble
Servier Product Patents	10.3.2(a)
Supplemental Data	3.2.1

ARTICLE 2

GOVERNANCE

2.1 Alliance Business-Development Managers. Within thirty (30) days following the Effective Date, each Party shall appoint (and notify the other Party of the identity of) a representative to act as its business development alliance manager under this Agreement ("Alliance Business-Development Manager"). The Alliance Business-Development Managers shall be there to coordinate any business related activities under this Agreement. The Alliance Business-Development Managers shall attend all JSC meetings and may bring any matter in relation to business to the attention of any committee if such Alliance Business-Development Manager reasonably believes that such matter warrants such attention. Each Party may replace its Alliance Business-Development Manager upon written notice to the other Party.

2.2 Alliance R&D Managers. Within thirty (30) days following the Effective Date, each Party shall appoint (and notify the other Party of the identity of) a representative to act as its alliance research and development manager under this Agreement ("Alliance R&D Manager"). With regard to Research and Development activities, the Alliance R&D Managers shall serve as

the primary contact points between the Parties and shall be primarily responsible for facilitating the flow of information, interaction and collaboration between the Parties and shall be responsible for ensuring that the governance procedures and rules set forth herein are complied with. The Alliance R&D Manager shall attend the meetings of the JRDC and the JSC and may bring any matter in relation to the Research and Development management to the attention of any committee, if such Alliance R&D Manager reasonably believes that such matter warrants such attention. Each Party may replace its Alliance R&D Manager upon written notice to the other Party.

2.3 Project Directors. Within thirty (30) days following the Effective Date each Party shall appoint (and notify the other Party of the identity of) a representative to act as its project director ("Project Director"). The Project Director shall be responsible for the follow-up of the respective Research and Development activities under this Agreement on a regular basis. The Project Director shall attend the meetings of the JRDC, and may bring any matter in relation to the project management to the attention of the JSC, if such Project Director reasonably believes that such matter warrants such attention. Each Party may replace its Project Director upon written notice to the other Party.

2.4 Joint Executive Committee.

2.4.1 Composition. Promptly after the Effective Date, the Parties shall establish a joint executive committee (the "JEC"). The JEC shall be comprised of up to three (3) senior executives from each Party. Either Party may, from time to time, invite additional representatives or consultants to attend JEC meetings, subject to such representative's and consultant's written agreement to comply with confidentiality obligations substantially the same as those set forth in ARTICLE 11. Each Party shall bear its own expenses related to the attendance at JEC meetings by its representatives.

2.4.2 Function and Powers of the JEC. The JEC shall manage the overall collaboration between the Parties, resource allocation and major changes to the collaboration requiring amendments to this Agreement and shall resolve disagreements that may arise at the JSC.

2.5 Joint Steering Committee.

2.5.1 Composition. Promptly after the Effective Date, the Parties shall establish a joint steering committee (the "JSC"). The JSC shall be comprised of three (3) named representatives of Servier and three (3) named representatives of MacroGenics (or such other number as the Parties may agree) as well as each Party's Alliance Business-Development Manager and Alliance R&D Manager. As soon as practicable after the Effective Date (but in no event more than thirty (30) days after the Effective Date), each Party shall designate by written notice to the other Party its initial representatives on the JSC. Each Party may replace one or more of its representatives, in its sole discretion, effective upon written notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge. Either Party may, from time to time, invite additional representatives or

consultants to attend JSC meetings, subject to such representative's and consultant's written agreement to comply with confidentiality obligations substantially the same as those set forth in ARTICLE 11. Each Party shall bear its own expenses related to the attendance at JSC meetings by its representatives. The JSC shall be co-chaired by a representative from each Party.

2.5.2 Function and Powers of the JSC. The JSC's responsibilities shall include: (a) coordinating the activities of the Parties under this Agreement, including facilitating communications between the Parties with respect to the Development, Manufacture and Commercialization of Program Antibodies and Licensed Product; (b) providing a forum for discussion of the Development, Manufacture, and Commercialization of Licensed Product; (c) reviewing and approving the Research Plan and the Global Development Plan and associated Development Budget and any annual or interim updates and proposed amendments thereto; (d) reviewing and discussing Servier's Commercialization Plan and related activities with respect to Licensed Products throughout the Servier Territory and (if applicable) the MacroGenics Territory, including pre-launch and go-to-market strategies; (e) directing and overseeing the JRDC and any operating subcommittee established by the JSC, on all significant issues that fall within the purview of such committees; (f) attempting to resolve issues presented to it by, and disputes within, the other committees, including the JRDC and any subcommittee, in accordance with Section 2.9; and (g) considering and acting upon such other matters as specified in this Agreement.

2.5.3 Subcommittees. The JSC may establish and disband such subcommittees as deemed necessary by the JSC. Each such subcommittee shall consist of the same number of representatives designated by each Party, which number shall be mutually agreed by the Parties. Each Party shall be free to change its representatives on written notice to the other Party or to send a substitute representative to any subcommittee meeting. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE 11. Except as expressly provided in this Agreement, no subcommittee shall have the authority to bind the Parties hereunder and each subcommittee shall report to the JSC.

2.6 Joint Research and Development Committee and Subcommittees.

2.6.1 Composition. Promptly after the Effective Date, the Parties shall establish a joint research and development committee (the "JRDC"). The JRDC shall be comprised of three (3) named representatives of Servier and three (3) named representatives of MacroGenics (or such other number as the Parties may agree) as well as each Party's Project Director. As soon as practicable after the Effective Date (but in no event more than thirty (30) days after the Effective Date), each Party shall designate by written notice to the other Party its initial representatives on the JRDC. Each Party may replace one or more of its representatives, in its sole discretion, effective upon written notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge, and ongoing familiarity with the Research and Development activities hereunder. Either Party may, from time to time, invite additional representatives or consultants to attend JRDC meetings, subject to such representative's and consultant's written agreement to comply with

confidentiality obligations substantially the same as those set forth in ARTICLE 11. Each Party shall bear its own expenses related to the attendance at JRDC meetings by its representatives. The JRDC shall be co-chaired by a representative from each Party.

2.6.2 Function and Powers of the JRDC. The JRDC's responsibilities shall include: (a) during the Research Term, proposing the Research Plan, proposing any changes or amendments to the Research Plan for approval by the JSC; (b) during the Research Term, reviewing and monitoring progress for all activities performed under the Research Program; (c) during the License Term, proposing the initial Global Development Plan, coordinating the activities of the Parties under and overseeing the implementation of the Global Development Plan; (d) during the License Term, preparing annual and interim updates to the Global Development Plans; (e) during the Agreement Term, serving as a forum for and facilitating communications between the Parties with respect to the Research and Development of Licensed Products, including any joint Development activities to be pursued by the Parties during the License Term; (f) during the License Term, monitoring and coordinating all regulatory actions, communications and submissions for Licensed Products; (g) informal resolution of disagreements that may arise in the relation to the Parties activities under the Research Program and the Global Development Plan; and (h) considering and acting upon such other matters as specified in this Agreement.

2.7 Co-Chairpersons. Each Party shall designate one of its members of the JSC and JRDC, respectively, as a co-chairperson (each, a "Co-Chairperson") of such committee. The Co-Chairpersons shall have the following roles and responsibilities: (a) to call meetings of the relevant committee, send notice of each such meeting and designate the time, date and place of each such meeting; (b) to convene or poll the members of the relevant committee by other permitted means; (c) to establish a reasonably detailed agenda, including identification of relevant supporting information and materials to be discussed during such meeting, for each meeting of the relevant committee, subject to the right of any member of such committee to add additional agenda items at any meeting; and (d) to promptly draft and finalize minutes of each meeting of such committee, for review and approval by members of such committee at the following meeting. Each Co-Chairperson shall sign and date the final minutes.

2.8 Committee Meetings.

2.8.1 Frequency. The JRDC and each of the subcommittees shall each hold at least one (1) meeting per Calendar Quarter at such times during such Calendar Quarter as the co-chairpersons elect to do so and the JSC and JEC shall hold at least one (1) meeting per Calendar Year as the co-chairpersons elect to do so.

2.8.2 Quorum; Location. Except where a Party fails to appoint a member or members to the JEC, JSC, JRDC or any subcommittee or fails to participate in meetings of the JEC, JSC, JRDC or any subcommittee, meetings of the JEC, JSC, JRDC and subcommittees, respectively, shall be effective only if at least one (1) representative of each Party is present or participating. The JEC, JSC, JRDC and subcommittees may meet either (a) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (b) by audio or video

teleconference; provided that no less than one (1) meeting during each Calendar Year shall be conducted in person. Additional meetings of the JEC, JSC, JRDC and subcommittees may also be held with the consent of each Party, or as required under this Agreement, and neither Party shall unreasonably withhold its consent to hold such additional meetings. Each Party shall be responsible for all of its own expenses incurred in connection with participating in all such meetings.

2.8.3 Cooperation. Each Party shall provide the JSC and JRDC such information as required under the Research Plan or Global Development Plan, as applicable, or reasonably requested by the other Party and reasonably available, relating to the progress of the goals or performance of activities under, as applicable, the Research Plan or Global Development Plan.

2.9 Decisions.

2.9.1 Initial Dispute Resolution Procedures. Subject to the provisions of this Section 2.9, actions to be taken by the JEC, JSC, JRDC and each of the subcommittees shall be taken only following ***. If the JRDC or any subcommittee fails to reach unanimous agreement on a matter before it for decision for a period in excess of ***, the matter shall be referred to the JSC. If the JSC fails to reach *** on a matter before it for decision for a period in excess of ***, the matter shall be referred to the JEC.

2.9.2 Conduct of Initial Phase 1 Clinical Trial. Notwithstanding any other provision in this Agreement, unless otherwise agreed upon to the contrary by the Parties, ***. MacroGenics shall reasonably consult with Servier regarding the selection of Indications to be pursued in the expansion cohorts included in the Initial Phase 1 Clinical Trial and shall reasonably consider any input provided by Servier with respect thereto. ***.

2.9.3 Final Decision-Making. If the JEC fails to reach *** on a matter before it for decision for a period in excess of ***, the following provisions shall apply:

(a) During the Research Term, if the JEC is unable to resolve the matter within *** after the matter is referred to them, the matter shall be deadlocked until resolved by *** JEC consensus.

(b) During the License Term, the JEC representatives appointed by Servier shall have the deciding vote on any matter involving the Development or Commercialization of Program Antibodies and Licensed Products in the Field in the Servier Territory and the JEC representatives appointed by MacroGenics shall have the deciding vote on any matter involving the Development or Commercialization of Program Antibodies and Licensed Products in the Field in the MacroGenics Territory.

2.9.4 Exceptions. Notwithstanding the foregoing, neither Party shall exercise its right to finally resolve a dispute pursuant to Section 2.9.3:

(a) in a manner that excuses such Party from any of its obligations specifically enumerated under this Agreement;

(b) in a manner that negates any consent rights or other rights specifically allocated to the other Party under this Agreement;

(c) during the License Term, to increase Development Costs for the other Party for any Global Clinical Trial for a given Calendar Year by more than *** above the Initial Development Budget for such Global Clinical Trial;

(d) to resolve any dispute regarding whether a Party may conduct Development or Commercialization activities in the other Party's territory;

(e) to resolve any dispute regarding whether a milestone event set forth in Section 9.3 has been achieved; or

(f) in a manner that would require the other Party to perform any act that it reasonably believes to be inconsistent with any Law or any approval, order, policy or guidelines of a Regulatory Authority.

2.10 Authority. The JEC, JSC, JRDC and any subcommittee shall have only the powers assigned expressly to it in this ARTICLE 2 and elsewhere in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the JEC, JSC, JRDC or any subcommittee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing.

2.11 Representatives. For purposes of clarity, a Party may appoint the same person to simultaneously serve as the Alliance Business Development Manager, Alliance R&D Manager, and/or Project Director for such Party and/or serve on multiple committees established pursuant to this ARTICLE 2.

ARTICLE 3

RESEARCH AND DEVELOPMENT; EXCLUSIVE OPTION

3.1 Research Overview. Pursuant to this Agreement and as further provided in this ARTICLE 3, MacroGenics and Servier shall conduct the research activities indicated in the Research Plan during the Research Term (the "Research Program"). Neither Party warrants that the Research Program shall achieve any of the research objectives contemplated in the Research Plan. At the end of the Research Term, each Party's obligation to conduct the Research Program shall cease unless the Parties mutually agree to extend the Research Term.

3.2 Conduct of the Research Program.

3.2.1 Research Plan. *******, the JRDC will prepare the Research Plan to be submitted for approval by JSC. The Parties may mutually agree to specify in the Research Plan activities to be conducted by Servier to generate additional pre-clinical and clinical data to be shared by both Parties (the "Supplemental Data"). Servier shall disclose to MacroGenics all Supplemental Data ******* after the completion of such activities and MacroGenics shall have the right to use such Supplemental Data in order to Develop, obtain Regulatory Approval for and Commercialize Licensed Products. Both Parties envision that the Supplemental Data *******. The availability and finalization of such Supplemental Data and/or any modification to the Initial Phase 1 Clinical Trial that the Parties may agree upon shall not in any way delay the timing of the delivery of the Option Trigger Data Package to Servier in accordance with Section 3.3.2. To the extent that any provision of the Research Plan conflicts or is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control.

3.2.2 Diligence. MacroGenics and Servier shall use Commercially Reasonable Efforts to conduct the Research Program in a good scientific manner and in accordance with the Research Plan.

3.2.3 Expenses. Except as otherwise set forth elsewhere in this Agreement, each Party shall bear its own costs and expenses of conducting the activities allocated to such Party under the Research Plan, including the costs of clinical supply of Program Antibodies and Licensed Products.

3.2.4 Reports. MacroGenics and Servier shall provide written progress reports on the status of its Research and Development activities under the Research Plan, including summaries of data generated in the Research Program, at least *** in advance of each JRDC meeting.

3.3 Evaluation of Option Trigger Data Package; Option Exercise.

3.3.1 Limited Evaluation License; Supply. MacroGenics hereby grants Servier an exclusive, royalty and other fee-free license, with the right to sublicense only to Servier's Affiliates, under MacroGenics IP, to (a) conduct the activities, if any, allocated to Servier under the Research Plan and (b) use the Option Trigger Data Package solely for purposes of evaluating Program Antibodies to determine whether to exercise its Option.

3.3.2 Delivery of Option Trigger Data Package. MacroGenics shall provide Servier with the Option Trigger Data Package *******.

3.3.3 Option Exercise.

(a) Servier shall have the exclusive option to obtain an exclusive license under MacroGenics IP to Research, Develop and Commercialize Program Antibodies and Licensed Products in the Field in the Servier Territory (the "Option"). ******* ("Option Period"). In the event Servier elects to exercise the Option, it shall, no later than the end of the last day of the Option Period, deliver to MacroGenics (i) written notice specifying that Servier has elected to exercise the Option, and (ii) payment of the License Grant Fee. Provided Servier has properly

exercised the Option in accordance with the preceding sentence, the later of the date of the written notice and receipt by MacroGenics of the License Grant Fee shall be the "License Grant Date" for purposes of this Agreement. The Research Term and Option Period will be deemed to have ended, and the License Term will be deemed to have commenced, on the License Grant Date.

(b) Upon the exercise by Servier of the Option in accordance with this Section 3.3, the provisions set forth in Sections 4.1, 4.2 and 4.3 of this Agreement shall constitute the terms and conditions of the license and sublicense rights granted by MacroGenics to Servier with respect to Licensed Products and the MacroGenics IP in the Field in the Servier Territory, and by Servier to MacroGenics with respect to Servier IP and Licensed Products in the Field in the MacroGenics Territory. During the period commencing on the Effective Date and ending on the expiration of the Option Exercise Period, MacroGenics will not grant a license or other rights to any Third Party or take any other action that would prevent MacroGenics from being able to grant to Servier the license set forth in Section 4.1. In the event Servier does not exercise the Option during the Option Exercise Period, Servier shall have no further rights hereunder with respect to MacroGenics IP and/or Licensed Products, the license granted to Servier under Section 3.3.1 shall terminate and the licenses and other rights granted under ARTICLE 4 shall have no force or effect.

(c) In the event Servier does not exercise its Option rights prior to the end of the Option Period, (i) Servier's Option shall expire and all right and interest with respect to the Program Antibodies, Licensed Products and MacroGenics IP shall revert to MacroGenics; (ii) Servier shall have no right to or interest in such Program Antibodies, Licensed Products and MacroGenics IP; and (iii) Servier shall and hereby does assign and transfer to MacroGenics all right, title and interest in and to the Supplemental Data and the Servier Collaboration IP that is created by or on behalf of Servier or its Affiliates, or both, whether solely or jointly with MacroGenics, in the course of conducting activities under the Research Plan.

ARTICLE 4
GRANT OF RIGHTS; EXCLUSIVITY

4.1 License Grant to Servier. Subject to the terms of this Agreement, upon MacroGenics' receipt of the License Grant Fee, MacroGenics shall and hereby does grant Servier (a) an exclusive, royalty-bearing, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics IP and MacroGenics' and its Affiliates' interests in Joint IP, to Research, Develop, Manufacture and Commercialize, Program Antibodies and Licensed Products in the Servier Territory in the Field; (b) an exclusive, royalty-bearing, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics IP and MacroGenics' and its Affiliates' interests in Joint IP, to Research, Develop, Manufacture and Commercialize Diagnostics for use solely with Program Antibodies and Licensed Products in the Field in the Servier Territory; and (c) a non-exclusive, royalty-bearing, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under MacroGenics IP and MacroGenics' and its Affiliates' interests in Joint IP, to Research, Develop and Manufacture Program Antibodies and Licensed Products in the MacroGenics Territory for the sole purpose of using, offering for sale and selling Licensed Products in, and importing Program Antibodies and Licensed Products into, the Servier Territory in the Field; provided however, that Servier shall not, directly or indirectly, conduct clinical trials or other clinical studies, including any investigator initiated studies, in the MacroGenics Territory using Program Antibodies or Licensed Products without the prior approval of the JRDC.

4.2 License Grant to MacroGenics. Subject to the terms of this Agreement, upon MacroGenics' receipt of the License Grant Fee, Servier hereby grants MacroGenics: (a) an exclusive, royalty-free, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under Servier Collaboration IP and Servier's and its Affiliates' interest in Joint IP, to Research, Develop, Manufacture and Commercialize Program Antibodies and Licensed Products in the Field in the MacroGenics Territory; (b) an exclusive, royalty-free, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under Servier Collaboration IP and Servier's and its Affiliates' interest in Joint IP, to Research, Develop, Manufacture and Commercialize Diagnostics for use solely with Program Antibodies and Licensed Products in the Field in the MacroGenics Territory; and (c) a non-exclusive, royalty-free, non-transferable (except in accordance with Section 16.4) license, with the right to sublicense (subject to Section 4.3), under Servier Collaboration IP and Servier's and its Affiliates' interest in Joint IP, to Research, Develop and Manufacture Program Antibodies and Licensed Products in the Servier Territory for the sole purpose of using, offering for sale and selling Licensed Products in, and importing Program Antibodies and Licensed Products into, the MacroGenics Territory in the Field; provided however, that MacroGenics shall not, directly or indirectly, conduct clinical trials or other clinical studies, including any investigator initiated studies, in the Servier Territory using Program Antibodies or Licensed Products without the prior approval of the JRDC.

4.3 Sublicenses. Each Party shall have the right to grant sublicenses within the scope of the licenses under Section 4.1 or 4.2, as applicable, solely to its Affiliates and to Third Parties

that are conducting Research, Development, Manufacture and/or Commercialization activities with such Party or its Affiliates with respect to Program Antibodies and Licensed Products; provided that any sublicense granted to Third Party collaborators under this Agreement shall be pursuant to a written agreement that subjects such sublicensee to all relevant restrictions and limitations set forth in this Agreement, including the confidentiality provisions of ARTICLE 11. If either Party grants a sublicense to a Third Party as permitted by this Section 4.3, then such Party shall provide the other Party prompt written notice thereof and shall provide the other Party with an executed copy of any such sublicense (redacted as necessary to protect confidential or commercially sensitive information). Except as otherwise agreed by the Parties in writing, each Party shall be jointly and severally responsible with its sublicensees to the other Party for failure by its sublicensees to comply with this Agreement.

4.4 Subcontracting. Subject to the terms of this Agreement, each Party shall have the right to engage Affiliates, licensees, Sublicensees or Third Party subcontractors to perform activities ascribed to such Party, under this Agreement. Any Affiliate, licensee or subcontractor to be engaged by a Party to perform a Party's obligations under this Agreement shall meet the qualifications typically required by such Party for the performance of work similar in scope and complexity to the subcontracted activity; provided that any Party engaging an Affiliate, licensee or subcontractor hereunder shall remain principally responsible and obligated for such activities. In addition, each Party engaging a licensee, Sublicensee or subcontractor shall obtain Control of any and all Know-How, Patents or other intellectual property rights created, discovered, invented, conceived or reduced to practice by such licensee, Sublicensee or subcontractor with respect to any Program Antibody or Licensed Product so that the other Party is not impeded from carrying out its rights and responsibilities under this Agreement by such Know-How, Patents or other intellectual property rights. To the extent a Party cannot obtain assignment of, or an exclusive license to, all Know-How, Patents and other intellectual property rights created, discovered, invented, conceived or reduced to practice by any licensee, Sublicensee or subcontractor engaged by such Party with respect to any Program Antibody or Licensed Product or in the performance of activities under this Agreement at the time such Party initially enters into such arrangement with such licensee, Sublicensee or subcontractor, such Party shall bring such matter to the JSC for the prior approval of such arrangement and for the express approval by the JRDC of the licensing terms and conditions with respect to such arrangement

4.5 MacroGenics Third Party Agreements. Servier acknowledges and agrees that the rights, licenses and sublicenses granted by MacroGenics to Servier under this Agreement are subject to the terms of the MacroGenics Third Party Agreements. Servier covenants to comply with, and to cause its Affiliates and Sublicensees to comply with, the MacroGenics Third Party Agreements, and to take any action or provide any information reasonably requested by MacroGenics, to prevent any potential breach of any terms of such MacroGenics Third Party Agreements. To the extent there is a conflict between the terms of any MacroGenics Third Party Agreement and the rights granted to Servier hereunder, the terms of such MacroGenics Third Party Agreement shall control solely with respect to the Patents and Know-How owned or controlled by such Third Party licensor. MacroGenics shall not terminate or consent to the termination of the MacroGenics Third Party Agreement without Servier's prior reasonable consent if such termination would materially adversely affect Servier's license granted

hereunder; however, for clarity, MacroGenics may (a) terminate any MacroGenics Third Party Agreement by acquiring all of the relevant intellectual property licensed thereunder, in which case Servier agrees to consent to such termination of such MacroGenics Third Party Agreement; (b) terminate its obligation to make royalty and milestone payments by making a lump-sum payment; and (c) terminate its rights and obligations under a MacroGenics Third Party Agreement by assigning such MacroGenics Third Party Agreement directly to Servier.

4.6 Right of First Negotiation for Bi-Specific DARTs. If at any time during the Agreement Term MacroGenics desires to Develop with a Third Party and/or Commercialize with one or more Third Party(ies) one or more Bi-Specific DARTs in the Field other than in the United States, MacroGenics shall notify Servier of its intent and propose to Servier to enter into negotiations to Develop and Commercialize the latter, identifying the applicable Bi-Specific DART(s) that is(are) proposed to be the subject of such negotiations. Servier shall have *** from receipt of such written notice to notify MacroGenics in writing as to whether Servier desires to negotiate for such rights, and if Servier so notifies MacroGenics that it does desire to negotiate for such rights, Servier shall have *** from the date of such notification to MacroGenics to negotiate and enter into a definitive agreement with MacroGenics for such rights; provided that, if either Servier does not provide such written notice within such *** period or Servier and MacroGenics do not enter into a definitive agreement within such *** period, MacroGenics shall be free to enter into negotiations and agreements with Third Parties relating to such Bi-Specific DART(s), provided however that if, within *** after such negotiations with Servier terminate, MacroGenics should ***, and Servier shall have a period of *** following receipt of the same to notify MacroGenics as to whether Servier would be prepared to accept such terms (subject to execution of a mutually acceptable license agreement) in which case the Parties will use commercially reasonable efforts to conclude such license agreement within *** after Servier notifies MacroGenics of the same. If the Parties can not conclude such license agreement or such *** period expires, the Parties agree that, MacroGenics shall be free to enter into negotiations and agreements with Third Party(ies) relating to such Bi-Specific DARTs during the remainder of the Agreement Term without further obligation to Servier.

4.7 Rights Retained by the Parties. Any rights of MacroGenics or Servier, as the case may be, not expressly granted to the other Party pursuant to this Agreement shall be retained by such Party. Notwithstanding the exclusive licenses granted to Servier pursuant to Section 4.1, MacroGenics retains the right to practice under the MacroGenics IP and Joint IP to perform (and to sublicense Third Parties to perform) its obligations under this Agreement and any supply agreement entered into in accordance with ARTICLE 7, including for the purpose of performing its activities in connection with clinical trials for Licensed Products and any related manufacture of Program Antibodies and Licensed Products.

4.8 Section 365(n) of the Bankruptcy Code. All rights and licenses granted under or pursuant to any section of this Agreement are and will otherwise be deemed to be for purposes of Section 365(n) of the United States Bankruptcy Code (Title 11, U.S. Code), as amended (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined in Section 101(35A) of the Bankruptcy Code. The Parties will retain and may fully exercise all of their respective

rights and elections under the Bankruptcy Code. Each Party agrees that the other Party, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code or any other provisions of applicable Law outside the United States that provide similar protection for "intellectual property." The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the U.S. Bankruptcy Code or analogous provisions of applicable Law outside the United States, the other Party will be entitled to a complete duplicate of (or complete access to, as appropriate) such intellectual property and all embodiments of such intellectual property, which, if not already in such Party's possession, will be promptly delivered to it upon such Party's written request thereof. Any agreements supplemental hereto will be deemed to be "agreements supplementary to" this Agreement for purposes of Section 365(n) of the Bankruptcy Code.

4.9 Exclusivity. For the period commencing with the Effective Date and ending on the******* of the Effective Date, other than with respect to the Development and Commercialization activities pursuant to this Agreement or any agreement entered into between the Parties pursuant to Section 4.6, neither Party nor its Affiliates shall, directly or indirectly, (a) *******.

4.10 Consequences of Development and Commercialization of Competing Products. Subject to Section 4.9, in the event MacroGenics or Servier, directly or indirectly conducts clinical Development for or Commercializes a Competing Product in the other Party's territory, the other Party shall have the right, within *** after becoming aware of such Development or Commercialization activities with respect to a Competing Product, to provide written notice to the Party Developing or Commercializing the Competing Product, of its election to have the following apply:

4.10.1 The Parties' reporting and information sharing obligations *** except with respect to the ***. The responsibilities of the JRDC shall be limited to the ongoing exchange of information and cooperation necessary after the termination of information sharing obligations pursuant to this Section. For purposes of clarity, nothing in this Section 4.10.1 shall require either Party to disclose to the other Party any information regarding its Development or Commercialization plans for Licensed Products which it deems to be ***.

4.10.2 Each Party shall continue to have the right to possess, retain and use all clinical and non-clinical data and related Regulatory Documentation Controlled by either Party and provided to it prior to the termination of such information sharing obligations in order to Develop and Commercialize Licensed Products in the Field in such Party's territory in accordance with the terms of this Agreement.

4.10.3 If MacroGenics directly or indirectly Commercializes a Competing Product in *** for the same *** as is being Commercialized by Servier, its Affiliates or Sublicensees for a Licensed Product, Servier shall *** that would otherwise be due to MacroGenics resulting from the Development and Commercialization of a Licensed Product for the same Indication and targeting the same patient population as such Competing Product, in such country.

4.10.4 If Servier directly or indirectly Commercializes a Competing Product in *** for the same *** as is being Commercialized by MacroGenics, its Affiliates or Sublicensees for a Licensed Product, the royalty and milestone payment obligations under Sections 9.3, 9.4 and 9.5 shall be *** resulting from the Development and Commercialization of a Licensed Product for the same Indication and targeting the same patient population as such Competing Product, in such country.

4.11 Diagnostics. The Parties acknowledge and agree that each Party shall have the right to use Diagnostics in combination with Competing Products Researched, Developed or Commercialized by such Party.

ARTICLE 5
DEVELOPMENT DURING THE LICENSE TERM

5.1 Overview. During the License Term, Servier will, subject to the terms of this Agreement, be responsible for the Development of Licensed Products in the Field for the Servier Territory, and (b) MacroGenics will remain responsible for Development of Licensed Products in the Field in the MacroGenics Territory. While the Parties may choose, at their sole discretion, to work together on particular projects, except as otherwise provided in this Agreement, the Parties will operate independently in their activities for their respective Development of Licensed Products, but will provide access to certain information to the JRDC and to each other as expressly described in this Agreement.

5.2 Servier Obligations. Servier shall use Commercially Reasonable Efforts to Develop Licensed Products in the Servier Territory. Servier shall be deemed to not have used Commercially Reasonable Efforts to Develop Licensed Products in the Servier Territory, and MacroGenics shall have the right to terminate this Agreement in accordance with Section 14.2, if at any point in time prior to the First Commercial Sale of a Licensed Product, Servier fails to undertake Development activities, with the intention of rapidly advancing a Licensed Product toward registration (and not for the sole purpose of preserving rights hereunder) during at least the preceding *******.

5.3 Development Activities.

5.3.1 Global Development Plan. During the License Term, the Development of Licensed Products under this Agreement shall be conducted pursuant to a reasonably comprehensive written research and development plan (each, a "Global Development Plan"), which shall include a detailed budget for all Development Costs and Manufacturing Process Development Costs (each, a "Development Budget"), and which shall include the resource allocations for the Parties based upon the general principle that the allocation shall endeavor to take advantage of the respective resources, capabilities and expertise of MacroGenics and Servier, respectively. Within ******* after the License Grant Date, the JRDC shall prepare an initial draft of the Global Development Plan for approval by the JSC. The Global Development Plan also shall set forth the specific activities (including non-clinical and clinical studies to be conducted by each Party and the estimated timeline for Development of Licensed Products in order to obtain the data that the Parties intend will be useful, by both Parties, to obtain Regulatory Approvals of the licensed Product in both the United States, and the EU, Servier shall be the sponsor of all clinical studies conducted in the Servier Territory and shall be solely responsible for Development activities and for obtaining Regulatory Approval for Licensed Products in the Servier Territory, and MacroGenics shall be the sponsor of all clinical studies conducted in the MacroGenics Territory and shall be solely responsible for Development activities and for obtaining Regulatory Approval for Licensed Products in the MacroGenics Territory. The JRDC shall discuss which Party(ies) shall be the sponsor of all clinical studies conducted in countries of both the MacroGenics Territory and the Servier Territory.

5.3.2 Details in Global Development Plan. Without limiting Section 5.3.1, the Global Development Plan shall set forth, among other things, the following activities to be undertaken jointly or coordinated by Servier and MacroGenics:

(a) any non-clinical studies, toxicology studies, pharmaco-economic studies, process development studies and other clinical studies, whether pre- or post-approval and whether sponsored or merely supported by Servier or MacroGenics, in each case, together with all protocols, endpoints and investigators conducting such studies, with respect to Licensed Products in the Servier Territory and MacroGenics Territory;

(b) regulatory plans and other elements of obtaining and maintaining Regulatory Approvals in the Field in each country in the Servier Territory and MacroGenics Territory, consistent with the use of Commercially Reasonable Efforts;

(c) the timeline for completing such Development activities; and

(d) the plans and timeline for preparing the necessary Regulatory Documentation and for obtaining Regulatory Approval in the Field in the Servier Territory and MacroGenics Territory.

5.4 Updating and Amending Development Plan and Development Budget; Additional Development Activities.

5.4.1 Development Plan Reviews and Updates. On or before January 1st of each Calendar Year during the License Term, the JRDC shall review, update and approve the Global Development Plan (including the Development Budget contained therein) which shall cover the Development activities and Manufacturing process development activities to be conducted with respect to the Development of Licensed Products for use in the Field during the upcoming Calendar Year, and the JRDC shall, on at least a quarterly basis, review and update, as appropriate, the then-current Global Development Plan (including the Development Budget) to reflect any changes, reprioritizations of, or additions to the Global Development Plan.

5.4.2 Amendments to Development Plan; New Development Collaboration Proposals.

(a) Amendments to Development Plan. From time to time during the License Term, either Party may submit to the JRDC any proposed amendment of the Global Development Plan to amend the then-currently approved Development activities (such proposed amendment, a "Proposed Development Plan Amendment") for the JRDC's review and JSC approval. Any proposed amendment to the Global Development Plan shall contain, at a minimum, information supporting the rationale for the Proposed Development Plan Amendment related to Licensed Products from a scientific, regulatory and commercial standpoint, as well as an estimated developmental critical path, and an estimate of the cost of such Development. The JRDC shall consider any submitted Proposed Development Plan Amendment during its next scheduled meeting. Once approved by the JSC (or otherwise resolved pursuant to Section 2.9), each amended Global Development Plan (including the Development Budget contained therein) shall become effective and supersede the previous Global Development Plan and Development Budget as of the date of such approval or at such other time as decided by the JSC.

(b) New Development Collaboration Proposals. If either Party proposes to conduct new Development activities in connection with the Development of a Licensed Product not included in the then approved Global Development Plan, including any proposal to collaborate to ******* (such proposal, a "Development Collaboration Proposal"), such Party shall submit the Development Collaboration Proposal to the other Party through the JRDC. Every Development Collaboration Proposal shall include a proposal to collaborate with the other Party for such Development activities so that, subject to the terms of this Agreement, with respect to the Development activities underlying the Development Collaboration Proposal, Servier shall be able to Develop Licensed Products for Commercialization in the Field in the Servier Territory and MacroGenics shall be able to Develop Licensed Products for Commercialization in the Field in the MacroGenics Territory.

(i) In the event the other Party approves a Development Collaboration Proposal and the Parties agree to collaborate to conduct the Development activities underlying the Development Collaboration Proposal with respect to Licensed Products, each Party shall use Commercially Reasonable Efforts to perform the activities allocated to it under the approved Development Collaboration Proposal, and the Parties shall share in the payment of Development Costs incurred in connection with such activities in accordance with Section 5.5.1(a).

(ii) In the event the other Party declines to participate in and share the funding of such activity (the "Buy-In Party"), the submitting Party may proceed with the activities described in such Development Collaboration Proposal at its sole expense unless the other Party reasonably objects to the conduct of such activity as reasonably likely to result in a safety or public health issue that will have a material adverse effect in the Development or Commercialization of Program Antibodies and Licensed Product in its territory. Any disputes regarding whether an activity is reasonably likely to result in a safety or public health issue that will have a material adverse impact on the Development and/or Commercialization of Program Antibodies and Licensed Products in a Party's territory shall be referred to the JRDC for a determination and resolved in accordance with Section 2.9; provided that neither Party shall have the right to exercise its final decision making authority pursuant to Section 2.9.3 with respect to such issue.

(iii) Once during each Calendar Quarter following the commencement of, and until the completion of, the activities described in the Development Collaboration Proposal, the Buy-In Party may request that the Party conducting such Development activity provide a summary of the current status of such Development activity, the Development Costs incurred to date, any significant milestones achieved and any topline initial results of such Development activity.

(iv) The Buy-In Party may obtain access to and use of the Excluded Data in accordance with the procedure described in this paragraph; provided that the Buy-In Party shall be provided access to Safety Data, at no cost, in accordance with the SDEA Agreement. At any time following the commencement of the activities described in the Development Collaboration Proposal, the Buy-In Party shall provide the other Party with written notice of its election to buy-in to such Development, and promptly thereafter the other Party shall provide the Buy-In Party with an invoice for ******* of the cumulative Development Costs as well as the costs of clinical supply of the Program Antibody and/or Licensed Product used in connection with such Development incurred by a Party in the generation of such data as of the date of the Buy-In Party's written request (the "Buy-in Amount"), which invoice the Buy-In Party shall pay within ******* after receipt. Each Party shall thereafter share, in accordance with the allocation of costs set forth in Section 5.5.1(a), in the Development Costs incurred after the date of the Buy-In Party's written request in connection with such Development activities under such Development Collaboration Proposal and the Global Development Plan shall be amended to include such Development activities.

5.4.3 Unilateral Development Costs and Manufacturing Process Development Costs.

(a) Servier Territory Exclusive Development Activities. Except as provided in Section 5.5 and for Development activities conducted by a Party at its own expense pursuant to Section 5.4.2(b)(ii), Servier shall be responsible for ******* of all Development Costs (whether incurred by Servier or MacroGenics (if the activities and their cost are agreed to in advance in writing by Servier) or their respective Affiliates) set forth in the applicable Development Budget with respect to any Development activities that are conducted for the

primary purpose of obtaining or maintaining Regulatory Approval for Licensed Products in the Field in any country or other regulatory jurisdiction in the Servier Territory. Servier shall disclose to MacroGenics a summary of efficacy results and detailed safety information Controlled by Servier and generated in the course of such Development activities within *** after the completion of such activities, subject to the pharmacovigilence provision under Section 6.5. MacroGenics may obtain access to and use Servier's data (other than Safety Data which shall in all cases be exchanged, at no cost, in accordance with the SDEA) obtained in such exclusive development activities if MacroGenics provides Servier with written notice of its election to buy-in such Development, and promptly thereafter Servier shall provide MacroGenics with an invoice for *** of the cumulative Development Costs as well as the costs *** in connection with such Development incurred by Servier in the generation of such data as of the date of MacroGenics written request, which invoice MacroGenics shall pay within *** after receipt.

(b) MacroGenics Territory Exclusive Development Activities. Except as provided in Section 5.5 and for Development activities conducted by a Party at its own expense pursuant to Section 5.4.2(b)(ii), MacroGenics shall be responsible for ******* of all Development Costs (whether incurred by Servier (if the activities and their costs are agreed to in advance in writing by MacroGenics) or MacroGenics or their respective Affiliates) set forth in the applicable Development Budget with respect to any Development activities that are conducted for the primary purpose of obtaining or maintaining Regulatory Approval for Licensed Products in the Field in any country or other regulatory jurisdiction in the MacroGenics Territory. MacroGenics shall disclose to Servier a summary of efficacy results and detailed safety information Controlled by Servier and generated in the course of such Development activities within ******* after the completion of such activities, subject to the pharmacovigilence provision under Section 6.5. Servier may obtain access to and use MacroGenics' data (other than Safety Data which shall in all cases be exchanged, at no cost, in accordance with the SDEA) obtained in such exclusive Development activities if Servier provides MacroGenics with written notice of its election to buy-in such Development, and promptly thereafter MacroGenics shall provide Servier with an invoice for ******* of the cumulative Development Costs as well as the costs *** in connection with such Development incurred by MacroGenics in the generation of such data as of the date of Servier written request, which invoice Servier shall pay within *** after receipt.

(c) Servier ******* Funding. Servier shall reimburse MacroGenics for *******.

(d) Manufacturing Process Development Costs. Servier and MacroGenics shall each be responsible for ******* of each Manufacturing Process Development Cost provided the activity which resulted in such cost was conducted under the Global Development Plan.

5.5 Development Activities.

5.5.1 Except for Development activities conducted by a Party at its own expense pursuant to Section 5.4.2(b)(ii), with respect to any Development activities conducted for the primary purpose of obtaining or maintaining Regulatory Approval for Licensed Products both in the Servier Territory and in the MacroGenics Territory (including Development activities with respect to which a Party has paid the Buy-in Amount in accordance with Section 5.4.2(b)(iv)) pursuant to the Development Plan:

(a) subject to Section 5.5.2, Servier shall be responsible for *** and MacroGenics shall be responsible for *** of all Development Costs as well as the costs of clinical supply of the Program Antibody and/or Licensed Product used in connection with such Development (in each case, whether incurred by Servier or MacroGenics or their respective Affiliates). For purposes of clarity, MacroGenics may seek reimbursement from Servier under Section 5.4.3(c) to apply to Development Costs for which MacroGenics is responsible under this Section 5.5.1(a) to the extent such Development Costs are for Phase 2 Clinical Trials;

(b) each Party shall disclose to the other Party all clinical data and related Regulatory Documentation Controlled by such Party and generated in the course of such Manufacturing process development activities and Development activities within ***;

(c) each Party shall have the right to use all clinical data and related Regulatory Documentation Controlled by either Party and generated in the course of such Manufacturing process development activities and Development activities in order to Develop, obtain Regulatory Approval for and Commercialize Licensed Products in the Field in such Party's territory, in accordance with the terms of this Agreement; and

(d) each Party hereby grants to the other Party a Right of Reference or Use to any and all such Regulatory Documentation with respect to Licensed Products in the Field in the other Party's territory, and agrees to sign, and cause its Affiliates to sign, any instruments reasonably requested by such other Party in order to effect such grant.

5.5.2 Development Costs Budget and Timeline Overruns.

(a) Budget Overruns. With respect to any Development Costs which, pursuant to this Agreement and/or a Global Development Plan or an approved Development Collaboration Proposal, are meant to be allocated between the Parties (rather than one Party being solely responsible for such Development Costs), each Party shall promptly inform the other Party upon determining that it is likely to exceed the budget amounts set forth in the annual Development Budget for the activities such Party is responsible for under the Global Development Plan. To the extent that a Party (or its Affiliates or Sublicensees) incurs Development Costs for the activities such Party is responsible for under the Global Development Plan for a particular Calendar Year which on an aggregate basis for that year exceed the Development Costs allocated for such activity in the initial Development Budget that includes such activity (the "Initial Development Budget") by ******* or less (a "De Minimis Overage Amount"), then such De Minimis Overage Amount shall automatically be included in the Development Budget for such year. However, to the extent that a Party (or its Affiliates or Sublicensees) incurs Development Costs for the activities such Party is responsible for under the Development Plan for a particular Calendar Year which on an aggregate basis for that year exceed the Development Costs allocated for such activity in the Initial Development Budget by more than *******, the "Excess Overage Amount"), the Party that has so exceeded its budget shall

provide to the JRDC a full explanation for so exceeding its budget and such Excess Overage Amount shall only be included in the Development Budget to the extent that the JRDC agrees to allow some or all of the Excess Overage Amount to be included in the Development Budget as it considers equitable under the circumstances. To the extent that the JRDC does not agree to treat the Excess Overage Amount as Development Costs, the Party that has exceeded its budget shall be solely responsible for the Excess Overage Amount.

(b) Timeline Overruns. Each Party shall promptly inform the other Party upon determining that it is likely to miss a Development date set forth in the Global Development Plan. To the extent that a Party (or its Affiliates) misses such a date by ******* or more, the Party that has experienced such Development timeline failure shall provide to the JRDC a full explanation for such Development timeline failure. Such notification shall not serve to excuse a Party from its diligence or other obligations under this Agreement.

(c) Reconciliation. Within ******* following the end of each Calendar Quarter beginning with the License Grant Date, each Party shall prepare and deliver to the other Party a quarterly report detailing its Development Costs and Manufacturing Process Development Costs incurred during such period, with each Party reporting on all Development Costs incurred with respect to Development Collaboration Proposals. Each Party shall submit any additional information reasonably requested by the other Party related to the Development Costs and Manufacturing Process Development Costs included in its report within ******* of its receipt of such request. Within ******* after the receipt of the report delivered by Servier pursuant to this Section 5.5.2(c), MacroGenics shall prepare and deliver to Servier a composite report that (i) summarizes the Development Costs and Manufacturing Process Development Costs incurred by each Party for such Calendar Quarter; (ii) applies the percentage of such costs for which each Party is responsible for the total Development Costs and Manufacturing Process Development Costs attributable to the Development and Manufacturing activities for such Calendar Quarter pursuant to Sections 5.4.3 and 5.5.1; and (iii) computes the amount due to MacroGenics or Servier, as applicable, for such Calendar Quarter in order for the Parties to share the total Development Costs and Manufacturing Process Development Costs for such quarter based on the Development Plan and the principles set forth in Sections 5.4.3 and 5.5.1 (each, a "Reconciliation Payment"). The Party to whom a Reconciliation Payment is due shall issue an invoice to the other Party for the Reconciliation Payment, and such other Party shall pay all undisputed amounts within ******* after its receipt of the invoice. Each Party shall have the right to audit the records of the other Party with respect to any Development Costs and Manufacturing Process Development Costs included in such reports, in accordance with Section 9.10.

5.6 Exchange of Data. During the License Term, the following shall apply:

5.6.1 Initial Exchange of Data. Promptly after the License Grant Date, MacroGenics shall transfer to Servier the MacroGenics Know-How related to Program Antibodies and Licensed Products (other than the MacroGenics Know-How related directly and solely to Manufacturing). Such transfer shall occur in a manner and following a reasonable schedule to be established by the JSC. MacroGenics shall provide Servier with copies of

relevant material, information, reports and data, including pre-clinical data, clinical data, and any data that has been provided to Regulatory Authorities for the purpose of obtaining Regulatory Approval.

5.6.2 Ongoing Exchange of Data. During the License Term, except as provided in Section 5.4.2(b)(iv) with respect to Excluded Data, each Party shall provide to the other Party (a) all Know-How Controlled by such Party that is specified in the Global Development Plan to the extent necessary or useful for the Development or Commercialization of Program Antibodies or Licensed Products in the other Party's territory, and (b) any Know-How Controlled by such Party that is not specified in the Global Development Plan that such Party reasonably believes to be necessary or useful for the Development or Commercialization of Program Antibodies or Licensed Products in the other Party's territory, in a timely fashion and as promptly as possible for use by such other Party in accordance with this Section 5.6.2. Servier shall only use and disclose to Third Parties such MacroGenics Know-How as may be necessary or useful for Development and Commercialization of Program Antibodies and/or Licensed Products in the Servier Territory; or as may otherwise be agreed by MacroGenics and Servier. Servier may not use any MacroGenics Know-How (or permit any Third Party to use any MacroGenics Know-How) outside the Servier Territory, nor for any products other than the Licensed Products, except as may otherwise be agreed by MacroGenics and Servier (including as provided in Sections 4.1 and 4.2). MacroGenics shall not use any Servier Know-How (or permit any Third Party to use any Servier Know-How) outside the MacroGenics Territory, nor for any products other than the Licensed Products, except as may otherwise be agreed by MacroGenics and Servier.

5.6.3 Use. All preclinical, non-clinical, analytical, manufacturing, and clinical data and associated reports disclosed by one Party to the other under this Agreement may be used by the receiving Party subject to the terms of this Agreement solely for the purpose of Developing, Manufacturing and Commercializing Licensed Products in its respective territory. Each Party shall have the right to share any and all such data and other regulatory materials received from the other Party with its Affiliates and any Third Party sublicensees or licensees in its respective territory solely for the purpose of Developing, Manufacturing and Commercializing Licensed Products in its respective territory. Access to and use of such data and regulatory materials are given by each Party to the other Party without cost (except as otherwise provided herein) on an "as is" basis without any warranty of any kind. Each receiving Party accepts all risk and liability in relation to the use of the data and regulatory materials received from the other Party and shall indemnify and hold harmless the Party providing such data and regulatory materials from any Third Party's claim(s) based upon such data and regulatory materials as provided in ARTICLE 13.

5.6.4 Reports. In addition to information and reports required elsewhere in this Agreement, each Party shall provide the other Party and the JRDC with a written annual report summarizing the major activities performed by it under the Global Development Plan during the previous year, conduct of non-clinical activities and clinical trials, information regarding the status of Regulatory Approvals. The other Party shall have the opportunity to reasonably seek further explanation or clarification of matters covered in such reports and to

provide observations and suggestions to the disclosing Party regarding the subject matter thereof, and the disclosing Party shall provide such explanation or clarification and shall consider such observations and suggestions in good faith. Furthermore, if after receiving such a report the receiving Party wishes to meet with the disclosing Party to discuss such report, the disclosing Party shall meet with the receiving Party at a site reasonably requested by the receiving Party within ******* after the disclosing Party's requests such meeting.

ARTICLE 6
REGULATORY MATTERS

The provisions of this ARTICLE 6 shall apply during the License Term.

6.1 Servier Regulatory Responsibility.

6.1.1 During the License Term, Servier shall own and be responsible for preparing, filing and maintaining all Regulatory Documentation and Regulatory Approvals that are required for the Development (unless otherwise agreed by the JRDC on the basis of section 4.2 above), Manufacture or Commercialization of the Program Antibodies or Licensed Products in the Field in the Servier Territory and Servier shall otherwise be responsible for and have sole authority as to all interactions with Regulatory Authorities in the Servier Territory. Servier shall comply with all applicable Laws in the Servier Territory, including local regulations and ICH guidelines.

6.1.2 Servier hereby grants to MacroGenics a Right of Reference or Use to any Regulatory Documentation in the Servier Territory Controlled by Servier for use by MacroGenics in the MacroGenics Territory, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by MacroGenics in order to further effect such grant. Servier shall permit any relevant Regulatory Authority to inspect any such Regulatory Documentation. Servier shall also permit MacroGenics, upon reasonable notice, during regular business hours, to audit any such Regulatory Documentation; provided that, MacroGenics shall limit such audits by MacroGenics to a moderate frequency reasonably necessary in order for MacroGenics to perform the Development and Commercialization of the Program Antibodies and Licensed Product.

6.2 MacroGenics Regulatory Responsibility.

6.2.1 MacroGenics shall own and be responsible for preparing, filing and maintaining all Regulatory Documentation and Regulatory Approvals that are required for the Development (unless otherwise agreed by the JRDC on the basis of section 4.1 above), or Commercialization of Program Antibodies or Licensed Products in the Field in the MacroGenics Territory and MacroGenics shall otherwise be responsible for and have sole authority as to all interactions with Regulatory Authorities in the MacroGenics Territory. MacroGenics shall comply with all applicable Laws in the MacroGenics Territory, including local regulations and ICH guidelines.

6.2.2 MacroGenics hereby grants to Servier a Right of Reference or Use to any Regulatory Documentation in the MacroGenics Territory Controlled by MacroGenics for use by Servier in the Servier Territory, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by Servier in order to further effect such grant. MacroGenics shall permit any relevant Regulatory Authority to inspect any such Regulatory Documentation. MacroGenics shall also permit Servier, upon reasonable notice, during regular business hours, to audit any such Regulatory Documentation; provided that, Servier shall limit such audits by Servier to a moderate frequency reasonably necessary in order for Servier to perform the Development and Commercialization of the Program Antibodies and Licensed Product.

6.3 Communications with Regulatory Authorities.

6.3.1 For purposes of this Article 6.3, "material" shall mean any ***. Servier shall be responsible for all submissions to, and communications and interactions with, Regulatory Authorities in the Servier Territory with respect to Program Antibodies and Licensed Products (unless otherwise agreed by the JRDC on the basis of section 4.2 above), and MacroGenics shall be responsible for submissions to, and communications and interactions with, Regulatory Authorities in the MacroGenics Territory with respect to Program Antibodies and Licensed Products (unless otherwise agreed by the JRDC on the basis of section 4.1 above). In connection therewith:

(a) Servier shall keep MacroGenics reasonably informed regarding Servier's (or its Affiliate's or Sublicensee's) regulatory strategy, planned regulatory submissions and material communications with the Regulatory Authorities in the Servier Territory. with respect to the Program Antibodies and Licensed Products, including any material changes to such strategy, submissions or communications. Servier shall provide MacroGenics with copies of material regulatory submissions to, and material communications with the *** relating to the Program Antibodies and Licensed Products. To the extent permitted by Regulatory Authorities, MacroGenics shall have the right to have a senior, experienced employee participate as an observer in meetings with the *** or their agents, as well as participate in internal meetings or discussions of Servier occurring immediately before or after, and related to, such meetings, and shall be provided with advance access to Servier's materials prepared for such meetings. MacroGenics shall also have the right to review and comment upon any correspondence with the *** or their agents related to such meetings. Servier shall provide MacroGenics regularly prepared minutes of material meetings with the *** *** regarding Program Antibodies and Licensed Products in the Field in the Servier Territory and available material teleconference reports with the *** pertaining to Program Antibodies and Licensed Products in the Field in the Servier Territory.

(b) MacroGenics shall keep Servier reasonably informed regarding MacroGenics' (or its Affiliate's or Sublicensee's) regulatory strategy, planned regulatory submissions and material communications with the *** with respect to the Program Antibodies and Licensed Products, including any material changes to such strategy, submissions or communications. MacroGenics shall provide Servier with copies of material regulatory

submissions to, and material communications with the *** relating to the Program Antibodies and Licensed Products. To the extent permitted by Regulatory Authorities, Servier shall have the right to have a senior, experienced employee participate as an observer in meetings with the *** or its agents, as well as participate in internal meetings or discussions of MacroGenics occurring immediately before or after, and related to, such meetings, and shall be provided with advance access to MacroGenics' materials prepared for such meetings. Servier shall also have the right to review and comment upon any correspondence with the *** or its agents related to such meetings. MacroGenics shall provide Servier regularly prepared minutes of material meetings with the *** regarding Licensed Products in the Field in the MacroGenics Territory and available material teleconference reports with the *** pertaining to Licensed Products in the Field in the MacroGenics Territory.

6.3.2 If either Party or its Affiliates or subcontractors (each, an "Inspected Party") are to be inspected by a Government Authority regarding the development, manufacture, registration or commercialization of a Licensed Product, the Inspected Party shall promptly notify the other Party of the inspection in writing as soon as reasonably practicable, and in advance, if any such inspection is a scheduled inspection. The Inspected Party shall, where practicable, permit representatives of the other Party to participate as observers with respect to such inspection, and shall provide the other Party with a written report of any such inspection, noting with specificity any records or documents reviewed by the regulatory inspector, and including copies of any FDA 483s (or their non-U.S. equivalent) or written communications provided by or to any Government Authority relating to such inspection. The Inspected Party will use Commercially Reasonable Efforts to provide an opportunity for the other Party to assist in responding to any issues or concerns relating to such inspections, and shall provide copies of all communications to and from any Government Authority relating thereto to the other Party. The Parties shall cooperate in good faith and otherwise mutually support any regulatory inspections of facilities, clinical sites, contract manufacturers or the like with respect to Licensed Products, including by using Commercially Reasonable Efforts to make available such facilities, documents, information and/or personnel as are reasonably necessary or useful for such regulatory inspections by a Government Authority.

6.4 Product Withdrawals and Recalls. If any Regulatory Authority (a) threatens, initiates or advises any action to remove any Licensed Product from the market in any country of the world, or (b) requires or advises either Party or such Party's Affiliates or sublicensees to distribute a "Dear Doctor" letter or its equivalent regarding use of any Licensed Product in any country of the world, then Servier (if such action is in the Servier Territory) or MacroGenics (if such action is in the MacroGenics Territory), as applicable, shall notify the other Party of such event within ******* (or sooner if required by applicable Law) after such Party becomes aware of the action, threat, advice or requirement (as applicable). The JRDC will discuss and attempt to agree upon whether to recall or withdraw such Licensed Product; provided, however, that if the Parties fail to agree within an appropriate time period or if the matter involves a safety issue that, in order to protect patient safety, does not allow for sufficient time for a discussion at the JRDC level, Servier shall decide whether to recall or withdraw such Licensed Product in the Servier Territory and shall undertake any such recall or withdrawal in the Servier Territory at its own cost and expense, and MacroGenics shall decide whether to recall or withdraw such Licensed Product in the MacroGenics Territory and shall undertake any such recall or withdrawal in the MacroGenics Territory at its own cost and expense.

6.5 Pharmacovigilance; Safety Data Reporting.

6.5.1 Pharmacovigilance. *** after the License Grant Date the Parties shall negotiate in good faith a safety data exchange agreement governing the collection, investigation, reporting, and exchange of information concerning adverse drug reactions/experience, Licensed Product quality and Licensed Product complaints, sufficient to permit each Party to comply with its legal obligations (the "SDEA Agreement"). The SDEA Agreement will be promptly updated if required by changes in legal requirements.

6.5.2 Safety Data Reporting.

(a) Each Party shall keep the other Party informed about any adverse drug reactions such Party becomes aware or is informed about regarding the use of a Licensed Product. As between the Parties, Servier shall be responsible for reporting all adverse drug reactions/experiences to the appropriate regulatory authorities in countries in the Servier Territory, and MacroGenics shall be responsible for reporting all adverse drug reactions/experiences to the appropriate regulatory authorities in the MacroGenics Territory, in accordance with the appropriate laws and regulations of the relevant countries and authorities. Servier shall ensure that its Affiliates and Sublicensees comply with such reporting obligations in the Servier Territory and MacroGenics shall ensure that its Affiliates and sublicensees (other than Servier and its Sublicensees) comply with such reporting obligations in the MacroGenics Territory. These reporting obligations shall apply to other adverse events as described in the SDEA Agreement, including adverse events occurring from product overdose or from product withdrawal, as well as any toxicity, sensitivity, failure of expected pharmacological action, or laboratory abnormality which is, or is thought by the reporter, to be serious or associated with relevant clinical signs or symptoms.

(b) Each Party will designate a pharmacovigilance liaison to be responsible for communicating with the other Party regarding the reporting of adverse drug reactions/experiences. Each Party (the "Notifying Party") shall notify the other Party in writing of all information coming to the Notifying Party's attention, regardless of the origin of such information, and including such information coming to its attention through clinical and non-clinical sources (including journal publications and other media), regarding adverse drug experiences associated with the Licensed Product, whether in the Servier Territory or in the MacroGenics Territory.

ARTICLE 7
MANUFACTURING

The provisions of this ARTICLE 7 shall apply during the License Term.

7.1 Transfer of MacroGenics Manufacturing Know-How.

7.1.1 At Servier's request and sole expense, and on a schedule and a product comparability plan agreed upon by the Parties, MacroGenics shall disclose (and provide copies, as applicable) to either Servier or the Third Party manufacturer that is mutually acceptable to both Parties, all MacroGenics Know-How necessary or useful to enable Servier or such Third Party manufacturer (as appropriate) ******* to Manufacture Licensed Product based on a manufacturing process ***. For clarity, nothing in this Section 7.1 with respect to MacroGenics' obligation to transfer MacroGenics Know-How to Servier shall limit MacroGenics' right to use any such MacroGenics Know-How to fulfill MacroGenics' obligations to Manufacture and supply Licensed Product to Servier under this Agreement or the Supply Agreement. In addition, MacroGenics shall, at Servier's sole expense, make available to Servier, on a reasonable consultation basis, advice of its technical personnel as may reasonably be requested by Servier in connection with such transfer of MacroGenics Know-How. MacroGenics shall thereafter during the Agreement Term, continue to promptly and regularly disclose any material new MacroGenics Know-How related to Manufacturing Program Antibodies and Licensed Products to Servier or to the Third Party manufacturer mentioned above at Servier's cost.

7.1.2 Servier and/or its Third Party manufacturer shall use the MacroGenics Know-How transferred under Section 7.1.1 solely for the purpose of Manufacturing Program Antibodies and finished Licensed Products in accordance with the terms and conditions of this Agreement, and for no other purpose.

7.1.3 Servier acknowledges and agrees that MacroGenics may condition its agreement to transfer any MacroGenics Know-How to a Third Party manufacturer on the execution of a confidentiality agreement between such Third Party manufacturer and MacroGenics that contains terms substantially equivalent to those of ARTICLE 11.

7.2 Supply Agreements.

7.2.1 Clinical Supply Agreement. ******* following the Effective Date, the Parties shall enter into good faith negotiations regarding the terms of a clinical supply agreement, pursuant to which MacroGenics shall provide clinical supply of Program Antibodies and/or Licensed Products for (a) ******* (b) at MacroGenics' option, Clinical Trials of Licensed Products conducted by Servier and its Affiliates and Sublicensees other than ******* of Licensed Products to be conducted by Servier and its Affiliates and Sublicensees (the "Clinical Supply Agreement"). The cost for such supply of Program Antibodies and/or Licensed Products for Clinical Trials shall be equal to MacroGenics' Fully Burdened Manufacturing Cost; ***. The Fully Burdened Manufacturing Cost for supply of Program Antibodies and/or Licensed Products for clinical trials used by Servier in connection with the Development of a Program Antibodies and/or Licensed Products outside the Global Development Plan shall be invoiced by MacroGenics on a quarterly basis.

7.2.2 Commercial Supply Agreement. Following the License Grant Date, if requested by Servier, the Parties shall enter into good faith negotiations regarding the terms of a quality and supply agreement, pursuant to which MacroGenics shall provide commercial supply of Program Antibodies and/or Licensed Products to Servier and its Affiliates and Sublicensees (the "Commercial Supply Agreement").

ARTICLE 8
COMMERCIALIZATION

The provisions of this ARTICLE 8 shall apply during the License Term.

8.1 Overview. Servier shall have sole control and responsibility for the Commercialization of Licensed Products in the Servier Territory and shall bear all costs and expenses associated with the Commercialization of Licensed Products in the Servier Territory. MacroGenics shall have sole control and responsibility for the Commercialization of Licensed Products in the MacroGenics Territory and shall bear all costs and expenses associated with the Commercialization of Licensed Products in the MacroGenics Territory. The Party with responsibility for Commercialization in a territory and field shall be referred to as the "Commercializing Party" for such territory.

8.2 Sales and Distribution. It is understood that as between the Parties, the Commercializing Party shall be solely responsible for handling all returns, order processing, invoicing and collection, distribution, and receivables for Licensed Products in the applicable territory and indication.

8.3 Ex-Territory Sales. Subject to applicable Law, neither Party shall engage in any advertising or promotional activities relating to Licensed Product directed primarily to customers or other buyers or users of Licensed Product located outside its territory or accept orders for Licensed Products from or sell Licensed Products into such other Party's territory for its own account or for the Commercializing Party's account, and if such other Party receives any order for Licensed Products in the Commercializing Party's territory, it shall refer such orders to the Commercializing Party for acceptance or rejection.

8.4 Commercialization Plan for Licensed Territory. Servier shall pursue Commercialization of Licensed Products in the Servier Territory, in accordance with its normal business practices for its internal products at a similar stage. Servier shall deliver an initial Commercialization plan to MacroGenics no later than *** prior to the anticipated date of the first filing of the first BLA for a Licensed Product in the Servier Territory (the "Commercialization Plan"). After the establishment of the initial Commercialization Plan, Servier shall prepare updates and amendments to such Commercialization Plan at least annually and deliver such updated Commercialization Plan to MacroGenics no later than March 31st of each Calendar Year.

8.5 Trademarks.

8.5.1 Generally. Servier and its Affiliates shall select their own trademarks under which they will market Licensed Products (provided that no such trademark shall contain the word "MacroGenics") and shall own such trademarks. MacroGenics and its Affiliates shall select their own trademarks under which they will market Licensed Products (provided that no such trademark shall contain the word "Servier" or "Les Laboratoires Servier") and shall own such trademarks.

8.5.2 Acknowledgement. Servier shall use, in connection with all packaging, literature, labels and other printed matters, to the extent required by Law, and where reasonably practicable in light of space limitations, an expression to the effect that the Licensed Products were developed under license from MacroGenics, together with the MacroGenics logo. The provisions of this Section 8.5.2 shall not apply to primary packaging of the Licensed Products. Primary packaging shall mean packaging that is in direct contact with the Licensed Products or the Licensed Products themselves, including vials, blister packs, tablets and capsules.

8.5.3 Housemarks. Neither Party shall, and shall ensure that its Affiliates and sublicensees will not, make any use of the trademarks or house marks of the other Party or its Affiliates or licensees (including their corporate names) or any trademark confusingly similar thereto.

8.6 Commercial Diligence. During the License Term, Servier shall use Commercially Reasonable Efforts to Commercialize the Products throughout the Servier Territory.

8.7 Standards of Conduct. Each Party shall in all respects comply with all applicable Laws and applicable guidelines concerning the advertising, sales and marketing of prescription drug products in Commercializing Products under this Agreement, including any applicable local anti-bribery laws.

ARTICLE 9

PAYMENTS

9.1 Option Grant Fee. In consideration for the Option as granted by MacroGenics to Servier hereunder and to review the Option Trigger Data Package, Servier shall pay MacroGenics a non-refundable, non-creditable payment of Twenty Million Dollars ($20,000,000) (the "Option Grant Fee") within *** after the Effective Date and the date of receipt of the corresponding invoice.

9.2 License Grant Fee.

9.2.1 Upon exercise of the Option and ******* after the date of receipt of the corresponding invoice, Servier shall pay MacroGenics a non-refundable, non-creditable payment (the "License Grant Fee") of

(a) *** if by the date of the exercise of the Option, ***; or

(b) *** if by the date of the exercise of the Option, ***; or

(c) *** if by the date of the exercise of the Option, ***.

9.2.2 If Servier pays MacroGenics the License Grant Fee according to Section 9.2.1(a) or (b), Servier will, within *** after the date of receipt of the corresponding invoice, pay MacroGenics *** until Servier has paid MacroGenics a total of thirty million ($30,000,000) under Sections 9.2.1 and 9.2.2.

9.3 Development and Regulatory Milestones.

9.3.1 Research Term Development Milestones. Servier shall pay to MacroGenics the non-refundable, non-creditable amount of Ten Million Dollars ($10,000,000) upon closing of the first subject in the first expansion cohort of the initial Phase 1 Clinical Trial, but in no event before October 1st, 2012.

9.3.2 License Term Development and Regulatory Milestones. During the License Term, for each milestone set forth in Section 9.3.2, Servier shall pay the corresponding *** amount indicated for that milestone for the first instance of its achievement:

Milestone Event	Payment
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***

In no event shall the total of the amounts paid under this Section 9.3.2 exceed **$***.

9.3.3 Milestone Payments. Servier shall make the milestone payments required by Section 9.4.1 and 9.3.2 in accordance with Section 9.3.6. If an event described in a clause in Section 9.3.2 occurs before or concurrently with another event described in a preceding clause in Section 9.3.2, Servier shall also pay the milestone payment described in such earlier clause when the milestone payment described in such later clause is paid.

9.3.4 Follow-On Products.

(a) Subject to the terms of this Agreement, ***.

(b) If prior to the time at which a milestone payment pursuant to Section 9.3.4(a) is to be made with respect to a subsequent Licensed Product, the first Licensed Product has been substituted by a subsequent Licensed Product or development of the first Licensed Product has been discontinued, then the achievement by such subsequent Licensed Product of a milestone event to the extent the corresponding milestone payment under Section 9.3.2 has not been made with respect to such substituted or discontinued first Licensed Product, shall be deemed to be achievement of the corresponding milestone event under Section 9.3.2 by the first Licensed Product entitling MacroGenics to the corresponding milestone payment under Section 9.3.2.

9.3.5 Reductions in Milestones Payable for Phase 3 Clinical Trials. In the event that the conduct by Servier of a Phase 1 Clinical Trial or Phase 2 Clinical Trial for Licensed Product in accordance with the Research Plan results in Servier, its Affiliates or Sublicensees conducting a Phase 3 Clinical Trial for Licensed Product under the Global Development Plan in the same Indication as that studied in such Phase 1 Clinical Trial or Phase 2 Clinical Trial, *******. Prior to the initiation of any such Phase 3 Clinical Trial, Servier shall provide MacroGenics *******. MacroGenics shall have the right to have an independent public accountant reasonably acceptable to Servier audit Servier's books and records solely for purposes of verifying such Development Costs, upon reasonable advance notice and during Servier's business hours, subject to the confidentiality provisions of ARTICLE 11.

9.3.6 Notification; Payment. Servier shall promptly notify MacroGenics in writing of the first achievement of each of the milestones under this Section 9.3 (other than milestones under Section 9.3.1) and the corresponding milestone payment shall be due within *** after receipt of the corresponding invoice from MacroGenics.

9.4 Sales Milestones.

9.4.1 Sales Milestone Payments. Servier shall make the *** payments to MacroGenics set forth below upon the earliest achievement of each of the corresponding milestone events by the first Licensed Product to achieve such milestone:

Milestone Event	Payment
***	***
***	***
***	***
***	***

9.4.2 Payment of Milestones. Servier shall make the milestone payments required by Section 9.4.1 in accordance with Section 9.6. If an event described in a clause in Section 9.4.1 occurs before or concurrently with another event described in a preceding clause in Section 9.4.1, Servier shall also pay the milestone payment described in such earlier clause when the milestone payment described in such later clause is paid. By way of example, if, during March 2015, ***, Servier shall pay MacroGenics the milestone payments set forth in both Sections 9.4.1(a) and (b).

9.5 Royalties.

9.5.1 Servier shall pay MacroGenics royalties on Net Sales of Licensed Products at the following rates with respect to all such Net Sales of such applicable Licensed Products achieved during the applicable Calendar Year:

Annual Net Sales Threshold	Royalty Rate
***	***
***	***
***	***
***	***

9.5.2 Royalty Term. Servier's royalty obligations to MacroGenics under this Section 9.5 shall expire on a country-by-country and Licensed Product-by-Licensed Product basis on the later of: (a) the expiration of the last Valid Claim (i) within the MacroGenics Patents and/or Joint Patents Covering the composition of matter or therapeutic use of such Licensed Product in such country or (ii) within the Significant Patents; (b) the twelfth (12th) anniversary of the date of the First Commercial Sale by Servier or any of its Affiliates or Sublicensees of such Licensed Product in such country; and (c) the expiration of the last-to-expire applicable Regulatory-Based Exclusivity Period for such Licensed Product in such country (the "Royalty Term").

9.5.3 Third Party Royalty Offset.

(a) If after the License Grant Date, Servier, its Affiliates or its Sublicensee or designee (i) is required, as agreed by the Parties in good faith, ***, to obtain a license from any Third Party under an Identified Patent controlled by such Third Party in order to Manufacture, Develop, Commercialize or import a Program Antibody and/or a Licensed Product in any country in the Servier Territory, and pursuant to such license ***, or (ii) is required by any court of competent jurisdiction, due to infringement of an Identified Patent controlled by such Third Party in any country(ies) in the Servier Territory, ***, then Servier may deduct from the milestones (other than the milestone set forth in Section 9.3.1) and/or royalties that would otherwise be due to MacroGenics on Net Sales resulting from the sales of such Licensed Product in such country in a Calendar Quarter *** of the amount paid by Servier to such Third Party with respect to such Licensed Product for such country during such Calendar Quarter; ***.

(b) If, (i) in order to Manufacture, Develop, Commercialize or import a Program Antibody and/or a Licensed Product in any country in the Servier Territory, Servier or

its Affiliates or Sublicensees *** under a MacroGenics Third Party Agreement listed in Exhibit C as of the Effective Date ***, or (ii) after the License Grant Date, Servier or its sublicensee or designee: (A) is required, as agreed by the Parties in good faith, ***, to obtain a license from any Third Party under Patents (other than Identified Patents) controlled by such Third Party in order to make, have made, use, sell, offer for sale or import a Program Antibody and/or a Licensed Product in any country in the Servier Territory, and pursuant to such license ***, or (B) is required by any court of competent jurisdiction, due to infringement of patent rights (other than Identified Patents) controlled by such Third Party in any country(ies) in the Servier Territory, to pay such a royalty to such a Third Party based on sales of such Licensed Product in such country(ies), then Servier may deduct from the milestones and/or royalties that would otherwise be due to MacroGenics on Net Sales resulting from the sales of such Licensed Product in such country in a Calendar Quarter ******* of the amount paid by Servier to such Third Party with respect to such Licensed Product for such country during such Calendar Quarter; ***.

9.5.4 If at any time following the First Commercial Sale, Generic Competition exists in any country of the Servier Territory, Servier shall deduct *** from the royalties that would otherwise be due to MacroGenics on Net Sales resulting from the sales of such Licensed Product in such country during the applicable Calendar Quarter in which such Generic Competition exists.

9.6 Reports; Payments. Within *** after the end of each Calendar Quarter during which there are Net Sales giving rise to a payment obligation under Section 9.4 or 9.5, Servier shall submit to MacroGenics a report identifying for each Licensed Product, the Net Sales for such Licensed Product for each country in the Servier Territory for such Calendar Quarter, the calculation of royalties (including gross sales and all deductions taken from gross sales), and the royalties and the sales milestones payable to MacroGenics. Within *** of the delivery of each such report, Servier shall pay to MacroGenics all royalties and sales milestones payable by it under Sections 9.4 and 9.5.

9.7 Methods of Payments.

9.7.1 All payments due under this Agreement shall be paid in Dollars ***, by wire transfer to a bank in the United States designated in writing by MacroGenics.

9.7.2 For the purposes of determining the amount of any sales milestone payment under Section 9.4 or royalties due for the relevant Calendar Quarter under Section 9.5, the amount of Net Sales in any non-Euro currency shall be converted into Euro using the average of daily closing rates of exchange published by European Central Bank for the monthly period in which Net Sales are accounted.

9.8 Late Payments. Any amount owed by Servier to MacroGenics under this Agreement that is not paid on or before the date such payment is due shall bear interest at a rate per annum equal to the lesser of (a) *******, or (b) the highest rate permitted by applicable Law, calculated on the number of days such payments are paid after such payments are due and compounded monthly. ***.

9.9 Taxes. All payment due and payable under this Agreement will be made without any deduction or withholding for on account of any tax by application of the Tax Treaty in force between France and The United States since August 31st 1994 and in accordance with its amendment signed January 13th 2009 which came into force retroactively January 1st 2009, unless such deduction or withholding tax is required by applicable laws. If the paying Party is so required to deduct or withhold, such Party shall (a) promptly notify the other Party of such requirement, (b) pay to the relevant authorities the full amount required to be deducted or withheld promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against the other Party, and (c) promptly forward to the other Party an official receipt (or certified copy), or other documentation reasonably acceptable to the other Party evidencing such payment to such authorities.

9.10 Books and Records; Audit Rights. Each Party (the "Audited Party") shall keep (and, in the case of Servier, shall cause its Affiliates and Sublicensees to keep) complete, true and accurate books and records in accordance with its Accounting Standards in sufficient detail for the other Party (the "Auditing Party") to determine the payments due and costs incurred under this Agreement. Each Auditing Party shall have the right, once annually at its own expense, to have an independent, certified public accounting firm of nationally recognized standing, selected by the Auditing Party and reasonably acceptable to the Audited Party, review any such records of the Audited Party in the location(s) where such records are maintained by the Audited Party upon reasonable notice (which shall be no less than *** prior notice) and during regular business hours and under obligations of strict confidence, for the sole purpose of verifying the accuracy of the amounts paid under this Agreement within a *** period preceding the date of the request for review. The report of such accounting firm shall be limited to a certificate stating whether any report made or invoice or payment submitted by the Audited Party during such period is accurate or inaccurate and the actual amounts of Development Costs and the amount of any Net Sales, milestone or royalty discrepancy. No other information shall be provided to the Auditing Party. The Audited Party shall receive a copy of each such report concurrently with receipt by the Auditing Party. Should such inspection lead to the discovery of a discrepancy to the Auditing Party's detriment, the Audited Party shall pay the amount of the discrepancy within *** after its receipt from the accounting firm of the certificate showing the amount of the discrepancy. The Auditing Party shall pay the full cost of the review unless the underpayment of milestones, royalties and/or Development Costs, is greater than *** of the amount due for the applicable period, in which case the Audited Party shall pay the reasonable costs charged by such accounting firm for such review.

ARTICLE 10
OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS

10.1 Inventorship. Inventorship for patentable inventions conceived or reduced to practice during the course of the performance of activities pursuant to this Agreement shall be determined in accordance with patent laws where the invention was invented.

10.2 Ownership. Subject to the licenses and rights granted to Servier under this Agreement, MacroGenics shall own the entire right, title and interest in and to all inventions and

discoveries (and Patents claiming patentable inventions therein) first made or discovered solely by employees or consultants of MacroGenics or acquired solely by MacroGenics in the course of Research, Development, Manufacture or Commercialization of Program Antibodies and/or Licensed Products. Subject to the licenses and rights granted to MacroGenics under this Agreement, Servier shall own the entire right, title and interest in and to all inventions and discoveries (and Patents claiming patentable inventions therein) first made or discovered solely by employees or consultants of Servier or acquired solely by Servier in the course of Research, Development, Manufacture or Commercialization of Program Antibodies and/or Licensed Product. The Parties shall jointly own any Joint IP.

10.3 Prosecution and Maintenance of Patents.

10.3.1 MacroGenics Patents.

(a) MacroGenics shall have the sole right to, at MacroGenics' discretion, file, prosecute, and maintain (including the defense of any interference or opposition proceedings), all MacroGenics Patents. ***. MacroGenics shall provide to Servier copies of all prosecution filings related to MacroGenics Patents comprising claims Covering Program Antibodies and/or Licensed Products ("MacroGenics Product Patents") sent to or received from patent offices in the Servier Territory, unless otherwise directed by Servier, and, with respect to patent applications having information not previously filed that is intended to be submitted to patent offices in the Servier Territory, shall provide Servier with a draft of each such filing within ******* in advance of submission, provide Servier an opportunity to provide comments on and make request of MacroGenics concerning such filings and shall consider in good faith any comments regarding such draft application that Servier may timely provide. In addition, MacroGenics shall provide to Servier such other information related to prosecution of the MacroGenics Patents in the Servier Territory as Servier may from time to time reasonably request to allow Servier to track prosecution and maintenance of such Patents. If Servier no longer desires to retain its license under any MacroGenics Patent in the Servier Territory, and desires to ***, it shall have the right to terminate such license to such Patent, and ***, upon ******* written notice. Following such ******* period, the Patent(s) referenced in such notice shall no longer be deemed a MacroGenics Patent(s) and Servier shall have no rights hereunder with respect to such Patent.

(b) Subject to the requirements and limitations of the MacroGenics Third Party Agreements, with respect to the filing, prosecution and maintenance of the MacroGenics IP, including any rights of, and time-frames for, such Third Party licensors to comment on and review any filings and correspondence related thereto, in the event MacroGenics decides not to file a patent application on MacroGenics Know-How specific to Program Antibodies and/or Licensed Product in a country of the Servier Territory, or decides to abandon prosecution of any claim of a MacroGenics Product Patent in a country of the Servier Territory or decides to not otherwise maintain or extend any MacroGenics Product Patent in a country of the Servier Territory, MacroGenics shall give Servier written notice sufficiently in advance thereof. Unless MacroGenics' discontinuation of filing, prosecution or maintenance of such MacroGenics Product Patent is in order to effect a settlement or to avoid an interference, opposition or other

proceeding in which the validity of such MacroGenics Product Patent may be determined or because another MacroGenics Product Patent of similar claim scope is being prosecuted or has been issued, Servier shall have the first right to file, prosecute, maintain and extend, as the case may be, such MacroGenics Product Patent, in Servier's name, in such country.

10.3.2 Servier Collaboration Patents

(a) Servier shall have the sole right to, at Servier's discretion, file, prosecute, and maintain (including the defense of any interference or opposition proceedings), all Servier Collaboration Patents. MacroGenics shall reimburse Servier for the Out-of-Pocket Costs incurred in the filing, prosecution and maintenance of the Servier Collaboration Patents in the MacroGenics Territory. Servier shall provide to MacroGenics copies of all prosecution filings related to Servier Collaboration Patents comprising claims Covering Program Antibodies and/or Licensed Products ("Servier Product Patents") sent to or received from patent offices in the MacroGenics Territory, unless otherwise directed by MacroGenics, and, with respect to patent applications having information not previously filed that is intended to be submitted to patent offices in the MacroGenics Territory, shall provide MacroGenics with a draft of each such filing ******* in advance of submission, provide MacroGenics an opportunity to provide comments on and make request of Servier concerning such filings and shall consider in good faith any comments regarding such draft application that MacroGenics may timely provide. In addition, Servier shall provide to MacroGenics such other information related to prosecution of the Servier Collaboration Patents in the MacroGenics Territory as MacroGenics may from time to time reasonably request to allow MacroGenics to track prosecution and maintenance of such Patents. If MacroGenics no longer desires to retain its license under any Servier Collaboration Patent in the MacroGenics Territory, and desires to cease payment of the costs of prosecution and maintenance thereof, it shall have the right to terminate such license to such Patent, and terminate reimbursement to Servier of such costs, upon ******* written notice.

(b) In the event Servier decides not to file a patent application on Servier Collaboration Know-How specific to Program Antibodies and/or Licensed Product, or decides to abandon prosecution of any claim of a Servier Product Patent or decides to not otherwise maintain or extend any Servier Product Patent, Servier shall give MacroGenics written notice sufficiently in advance thereof. Unless Servier's discontinuation of filing, prosecution or maintenance of such Servier Product Patent is in order to effect a settlement or to avoid an interference, opposition or other proceeding in which the validity of such Servier Product Patent may be determined or because another Servier Product Patent of similar claim scope is being prosecuted or has been issued, MacroGenics shall have the first right to file, prosecute and maintain or extend at its costs, as the case may be, such Servier Product Patent, in MacroGenics' name, in such country.

10.3.3 Joint IP.

(a) MacroGenics shall have the first right, at MacroGenics' discretion, to file, prosecute, and maintain (including the defense of any interference or opposition proceedings), all Patents claiming patentable inventions included in the Joint IP ("Joint Patents")

in the MacroGenics Territory, in the names of both MacroGenics and Servier. Servier shall have the first right, at Servier's discretion, to file, prosecute, and maintain (including the defense of any interference or opposition proceedings), all Joint Patents in the Servier Territory, in the names of both MacroGenics and Servier.

(b) With respect to Joint Patents, if the Party with the responsibility for filing, prosecuting and maintaining such Patents in accordance with clause (a) above (the "Responsible Party") elects not to seek or continue to seek or maintain patent protection on any Joint Patent in its territory, the other Party shall have the right to seek, prosecute and maintain patent protection on such Joint Patent in the other Party's name and the Responsible Party shall assign its entire right, title and interest in such Joint Patent to the other Party. The Responsible Party shall use Commercially Reasonable Efforts to make available to the other Party its authorized attorneys, agents or representatives, and to assist the other Party in obtaining and maintaining such patent protection. The Responsible Party shall sign or use Commercially Reasonable Efforts to have signed all legal documents necessary to file and prosecute such patent applications or to obtain or maintain such patents.

(c) The Parties shall establish procedures to coordinate the filing and prosecution of Joint Patent. With respect to Joint Patents, the Responsible Party shall provide the other Party, within *** after submitting or receiving such filings or correspondence, with copies of all filings and correspondence submitted to and received from patent offices and, with respect to substantive filings and correspondence to be submitted to patent offices, shall use reasonable efforts to provide the other Party with drafts of such filings and correspondence reasonably in advance of submission and shall consider in good faith any comments regarding such filings and correspondence that the other Party may timely provide.

(d) Each Party shall be responsible for the costs and expenses it occurs in connection with the filing, prosecution and maintenance of Joint Patents.

10.4 Third Party Infringement.

10.4.1 Notice. Each Party shall promptly report in writing to the other Party any known or suspected (i) infringement of any of the MacroGenics Patents, Servier Patents or Joint Patents, (ii) unauthorized use or misappropriation of any of the MacroGenics Know-How, Servier Know-How or Joint Know-How of which such Party becomes aware, or (iii) notification under the Biologics Price Competition and Innovation Act of 2009, as amended, or similar law, from a biosimilar applicant arising from the filing of an application for the Regulatory Approval of a Generic Product intending to show that the Generic Product is biosimilar to any Licensed Product that is a reference product for which a claim of infringement of any of the MacroGenics Patents, Joint Patents or Servier Patents by the manufacture or sale of the Generic Product could reasonably be asserted, and shall provide the other Party with all available evidence regarding such known or suspected infringement or unauthorized use.

10.4.2 Enforcement Rights. Subject to the requirements and limitations of the MacroGenics Third Party Agreements with respect to the enforcement of Patents, including any

rights of, and timeframes for, such Third Party licensors to comment on and review any filings or materials related thereto, the Parties agree:

(a) Servier shall have the first right, but not the obligation, to initiate a lawsuit or take other reasonable action to enforce the Joint Patents and MacroGenics Product Patents in the Field in the Servier Territory to the extent such infringement or misappropriation involves the Development, Manufacture, use or Commercialization of a product or product candidate that is or may be competitive with the Program Antibodies or Licensed Products being Developed or Commercialized hereunder. Notwithstanding the foregoing sentence, Servier shall not initiate any such lawsuit or other enforcement action asserting any such Joint Patents or MacroGenics Product Patents without first consulting with MacroGenics and giving good faith consideration to any reasonable objection from MacroGenics regarding Servier's proposed course of action. MacroGenics shall cooperate in the prosecution of such suit as may be reasonably requested by Servier; provided that Servier shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) actually incurred by MacroGenics in connection with such cooperation. In connection with any such proceeding, Servier shall not enter into any settlement admitting the invalidity of, or otherwise impairing MacroGenics' rights in, MacroGenics IP or Joint IP without the prior written consent of MacroGenics. Any recoveries resulting from such an action brought by Servier in accordance with this clause (a) shall be applied as follows:

(i) First, to reimburse each Party for all Out-of-Pocket Costs in connection with such proceeding (on a pro rata basis, based on each Party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

(ii) ***.

(b) MacroGenics shall have the first right, but not the obligation, to initiate a lawsuit or take other reasonable action to enforce the Joint Patents in the Field in the MacroGenics Territory. Notwithstanding the foregoing sentence, MacroGenics shall not initiate any such lawsuit or other enforcement action asserting any such Joint Patents without first consulting with Servier and giving good faith consideration to any reasonable objection from Servier regarding MacroGenics' proposed course of action. Servier shall cooperate in the prosecution of such suit as may be reasonably requested by MacroGenics; provided that MacroGenics shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) actually incurred by Servier in connection with such cooperation. In connection with any such proceeding, MacroGenics shall not enter into any settlement admitting the invalidity of, or otherwise impairing the Parties' rights in Joint IP without the prior written consent of Servier. Any recoveries resulting from such an action brought by MacroGenics in accordance with this clause (b) shall be applied as follows:

(i) First, to reimburse each Party for all Out-of-Pocket Costs in connection with such proceeding (on a pro rata basis, based on each Party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

(ii)***.

(c) If Servier does not initiate a lawsuit or take other reasonable action pursuant to Section 10.4.2(a) with respect to any Joint Patents or Servier Product Patents (i) if there is no time limit for the filing of such action, within ******* following the notice of alleged infringement or following a biosimilar applicant's failure to act or (ii) if there is a time limit for the filing of such action (including those set forth in applicable Laws) within at least ******* before the time limit, then MacroGenics shall have the right (in cases where MacroGenics has standing), but not the obligation, to initiate such lawsuit or take such other action, after providing ******* notice to Servier and giving good faith consideration to Servier's reason(s) for not initiating a lawsuit or taking other action. For this purpose, Servier shall cooperate in the prosecution of such suit as may be reasonably requested by MacroGenics; provided that MacroGenics shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) actually incurred by Servier in connection with such cooperation. Any recoveries resulting from such an action brought by MacroGenics in accordance with this clause (c) will be *** after payment of each Party's costs and expenses.

(d) If MacroGenics does not initiate a lawsuit or take other reasonable action pursuant to Section 10.4.2(b) with respect to any Joint Patents (i) if there is no time limit for the filing of such action, within ******* following the notice of alleged infringement or following a biosimilar applicant's failure to act or (ii) if there is a time limit for the filing of such action (including those set forth in applicable Laws) within at least ******* before the time limit, then Servier shall have the right (in cases where Servier has standing), but not the obligation, to initiate such lawsuit or take such other action, after providing ******* notice to MacroGenics and giving good faith consideration to MacroGenics' reason(s) for not initiating a lawsuit or taking other action. For this purpose, MacroGenics shall cooperate in the prosecution of such suit as may be reasonably requested by Servier; provided that Servier shall promptly reimburse all out-of-pocket expenses (including reasonable counsel fees and expenses) actually incurred by MacroGenics in connection with such cooperation. Any recoveries resulting from such an action brought by Servier in accordance with this clause (d) will be *** after payment of each Party's costs and expenses.

10.4.3 Conduct of Certain Actions; Costs. The Party initiating legal action shall have the sole and exclusive right to select counsel for any suit initiated by it pursuant to Section 10.3.2 or 10.3.3 (the "Initiating Party"). Unless otherwise expressly provided, the Initiating Party shall bear its own out-of-pocket costs incurred in any such legal action, including the fees and expenses of the counsel selected by it. The other Party shall have the right to participate and be represented in any such legal action (in cases where such other Party has standing) by its own counsel at its own expense.

10.5 Patent Invalidity Claim. Each Party shall promptly notify the other in the event of any legal or administrative action by any Third Party against a Joint Patent, MacroGenics Patent or Servier Patent of which it becomes aware, including any nullity, revocation, reexamination or compulsory license proceeding. Servier shall have the first right, but not the obligation, at its expense, to defend against any such action relating to the Servier Patents. MacroGenics shall

have the first right, but not the obligation, at its expense, to defend against any such action relating to the MacroGenics Patents or the Joint Patents. If MacroGenics does not defend against any such action involving a MacroGenics Product Patent or a Joint Patent, then Servier shall have the right, but not the obligation, to defend such action at Servier's expense.

10.6 Patent Term Extensions. The Parties shall cooperate with each other in obtaining patent term extensions or supplemental protection certificates or their equivalents in any country, where applicable to Joint Patents, MacroGenics Patents and Servier Patents.

10.7 Patent Marking. Servier shall comply with the patent marking statutes in each country in which a Licensed Product is sold by Servier, its Affiliates and/or its Sublicensees.

ARTICLE 11
CONFIDENTIALITY

11.1 Confidentiality; Exceptions. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing, the Parties agree that the receiving Party (the "Receiving Party") shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in this Agreement any Know-How in any form (written, oral, photographic, electronic, magnetic, or otherwise) that is disclosed to it by the other Party (the "Disclosing Party") or otherwise received or accessed by a Receiving Party in the course of performing its obligations or exercising its rights under this Agreement (collectively, "Confidential Information"), except to the extent that it can be established by the Receiving Party that such Confidential Information:

11.1.1 was in the lawful knowledge and possession of the Receiving Party prior to the time it was disclosed to, or learned by, the Receiving Party, or was otherwise developed independently by the Receiving Party, as evidenced by written records kept in the ordinary course of business, or other documentary proof of actual use by the Receiving Party;

11.1.2 was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party;

11.1.3 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; or

11.1.4 was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to others.

11.2 Authorized Disclosure. Except as expressly provided otherwise in this Agreement, a Receiving Party may use and disclose Confidential Information of the Disclosing Party as follows:

11.2.1 under appropriate confidentiality provisions similar to those in this Agreement, in connection with the performance of its obligations or exercise of rights granted or reserved in this Agreement;

11.2.2 to the extent such disclosure is reasonably necessary in filing or prosecuting patent and copyright applications, prosecuting or defending litigation, complying with applicable governmental regulations (including the rules and regulations of any stock exchange or NASDAQ), conducting non-clinical activities and clinical activities, preparing and submitting filings to Regulatory Authorities or is otherwise required by Law; provided, however, that if a Receiving Party is required by Law to make any such disclosure of a Disclosing Party's Confidential Information (other than a disclosure to a Regulatory Authority in a filing required by Law) it will give reasonable advance notice to the Disclosing Party of such disclosure requirement and shall furnish only that portion of the Disclosing Party's Confidential Information that the Receiving Party is legally required to furnish;

11.2.3 in communications with existing or prospective acquirers, investors, consultants, advisors, licensees or collaborators or others on a need to know basis, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement; or

11.2.4 to the extent mutually agreed to in writing by the Parties.

11.3 Press Release; Disclosure of Agreement.

11.3.1 On or promptly after the Effective Date, the Parties shall jointly issue a public announcement of the execution of this Agreement in the form attached hereto as Exhibit D. Neither Party shall issue any subsequent press release or make other disclosures regarding this Agreement or the Parties' activities hereunder, or any results or data arising hereunder, except (a) with the other Party's prior written consent; (b) in accordance with Section 11.6; or (c) for any disclosure that is reasonably necessary to comply with applicable securities exchange listing requirements or other applicable Laws. Notwithstanding the foregoing, to the extent information regarding this Agreement has already been publicly disclosed, either Party may subsequently disclose the same information to the public without the consent of the other Party. Each Party shall be permitted to disclose the terms of this Agreement, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement, to any actual or potential acquirers, merger partners, licensees, sublicensees, investors and professional advisors on a need to know basis.

11.3.2 Each Party shall, if practicable, give the other Party a reasonable opportunity to review those portions of all filings with the United States Securities and Exchange Commission (or any stock exchange, including Nasdaq, or any similar regulatory agency in any country other than the United States) describing the terms of this Agreement (including any filings of this Agreement) prior to submission of such filings, and shall give due consideration to any reasonable comments by the non-filing Party relating to such filing, including the provisions of this Agreement for which confidential treatment should be sought.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

11.4 Existing Confidentiality Agreement. For the avoidance of doubt, any information disclosed by MacroGenics to Servier prior to the Effective Date pursuant to the Non-Disclosure Disclosure Agreement between MacroGenics and Servier dated *** (the "Existing Confidentiality Agreement") shall be treated as Confidential Information for all purposes under this Agreement.

11.5 Remedies. In the event a Party breaches the confidentiality obligations set forth in this ARTICLE 11, the other Party shall be entitled to seek, in addition to any other right or remedy it may have, at Law or in equity, a temporary injunction, without the posting of any bond or other security, enjoining or restraining the breaching Party from any violation or threatened violation of this ARTICLE 11.

11.6 Publications. Neither Party nor its Affiliates shall publish or publicly disclose the results of any of the Research or Development activities conducted by either Party under this Agreement without the prior written consent of the other Party, except as expressly permitted in this Section 11.6 or otherwise in this Agreement. The Parties recognize that it may be useful or required to publish or publicly disclose the results of Research and Development work on Program Antibodies and Licensed Products, and each Party (and its Affiliates) shall be free to publish or publicly disclose such results, subject to the prior review by the other Party for patentability and protection of its Confidential Information as described in this Section 11.6. The Party that desires to publish results hereunder shall provide the other Party with a copy of such proposed abstract, manuscript, or presentation no less than *** prior to its intended submission for publication. The reviewing Party shall respond in writing promptly and in no event later than *** after receipt of the proposed material, with one or more of the following: (a) comments on the proposed material, which the publishing Party shall consider in good faith, (b) a specific statement of concern, based upon the need to seek patent protection, or (c) an identification of the reviewing Party's Confidential Information that is contained in the material reviewed. In the event of concern over patent protection, the publishing Party agrees not to submit such publication or to make such presentation that contains such information until the reviewing Party is given a reasonable period of time, and in no event less than ***, to seek patent protection for any material in such publication or presentation which it believes is patentable. Any Confidential Information of the reviewing Party shall, if requested by the reviewing Party, be removed by the other Party.

11.7 Return of Confidential Information. Upon the expiration or termination of this Agreement, the Receiving Party shall return to the Disclosing Party all Confidential Information received by the Receiving Party from the Disclosing Party (and all copies and reproductions thereof). In addition, the Receiving Party shall destroy: (a) any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party; and (b) any Confidential Information of the Disclosing Party (and all copies and reproductions thereof) which is in electronic form or cannot otherwise be returned to the Disclosing Party. Alternatively, upon written request of the Disclosing Party, the Receiving Party shall destroy all Confidential Information received by the Receiving Party from the Disclosing Party (and all copies and reproductions thereof) and any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the

Disclosing Party. Nothing in this Section 11.7 shall require the alteration, modification, deletion or destruction of archival tapes or other electronic back-up media made in the ordinary course of business; provided that the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE 11 with respect to any Confidential Information contained in such archival tapes or other electronic back-up media. Any requested destruction of Confidential Information shall be certified in writing to the Disclosing Party by an authorized officer of the Receiving Party supervising such destruction. Notwithstanding the foregoing, (i) the Receiving Party's legal counsel may retain one copy of the Disclosing Party's Confidential Information solely for the purpose of determining the Receiving Party's continuing obligations under this ARTICLE 11 and (ii) the Receiving Party may retain the Disclosing Party's Confidential Information and its own notes, reports and other documents (A) to the extent reasonably required (i) to comply with applicable Law and regulatory requirements; (ii) to exercise the rights and licenses of the Receiving Party expressly surviving expiration or termination of this Agreement; and (iii) to perform the obligations of the Receiving Party expressly surviving expiration or termination of this Agreement; or (B) to the extent it is impracticable to do so without incurring disproportionate cost. Notwithstanding the return or destruction of the Disclosing Party's Confidential Information, the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE 11.

ARTICLE 12
REPRESENTATIONS AND WARRANTIES

12.1 Representations and Warranties of Both Parties. Each Party hereby represents and warrants to the other Party, as of the Effective Date, that:

12.1.1 such Party is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

12.1.2 such Party has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

12.1.3 this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof;

12.1.4 the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement or any provision thereof, or any instrument or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Law of any court, governmental body or administrative or other agency having jurisdiction over such Party; and

12.1.5 no government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any applicable Laws currently in effect, is

or will be necessary for, or in connection with, the transaction contemplated by this Agreement, or for the performance by it of its obligations under this Agreement, except as necessary to conduct clinical trials or to seek or obtain Regulatory Approvals.

12.2 Representations and Warranties of MacroGenics and its Affiliates. ***, MacroGenics and its Affiliates hereby represent and warrant to Servier that:

12.2.1 As of the Effective Date, MacroGenics is the owner of, or has Control via a license to, the MacroGenics Patents listed on Exhibit B;

12.2.2 There are not as of the Effective Date, nor have there been over the *** period immediately preceding the Effective Date, any claims, lawsuits, arbitrations, legal or administrative or regulatory proceedings, charges, complaints or investigations by any Government Authority (except in the ordinary administrative course of the granting of patents and proceedings relating thereto) or by any Third Party relating to the MacroGenics Patents or MacroGenics Know-How;

12.2.3 As of the Effective Date, to MacroGenics' and its Affiliates knowledge, the exercise by Servier of the rights and licenses granted to Servier by MacroGenics under this Agreement shall not infringe any rights owned or controlled by any Third Party in the Servier Territory;

12.2.4 As to the Effective Date, to MacroGenics' and its Affiliates knowledge *** it has not (i) employed and has not used a contractor or consultant that has employed, any individual or entity debarred by the FDA (or subject to a similar sanction of EMA), or, (ii) employed any individual who or entity that is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMA), in the conduct of any pre-clinical activities or clinical studies of Program Antibodies;

12.2.5 As to the Effective Date, MacroGenics has the right to grant all rights and licenses it purports to grant to Servier with respect to the MacroGenics IP under this Agreement and it has not granted any license, right or interest in, to or under MacroGenics IP to any Third Party that is inconsistent with the licenses and rights granted to Servier under Section 4.1;

12.2.6 As of the Effective Date, to MacroGenics and its Affiliates' knowledge the MacroGenics IP are all of the Patents and Know-How Controlled by MacroGenics or its Affiliates which are reasonably necessary for the Development, Manufacture, Commercialization of the Program Antibody and/or Licensed Products in the Field in the Servier Territory;

12.2.7 To MacroGenics knowledge, the Research and Development of the Program Antibody and the Licensed Product prior to the Effective Date by or on behalf of MacroGenics has been carried out without infringing any Patent owned or controlled by a Third Party;

12.2.8 As of the Effective Date, to MacroGenics' knowledge, there are no activities by Third Party that would constitute infringement or misappropriation of the MacroGenics IP;

12.2.9 As of the Effective Date, to MacroGenics' knowledge, there is no reason for MacroGenics or a count of competent jurisdiction to reasonably conclude that the MacroGenics Patents are invalid or unenforceable. To MacroGenics' knowledge, the claims included in any issued MacroGenics Patent are valid and in full force and effect. All fees required to be paid to the governmental authorities prior to the Effective Date to prosecute or maintain the MacroGenics Patent in the Servier Territory have been filed and have been paid;

12.2.10 MacroGenics has maintained prior to the Effective Date and, unless agreed to otherwise by Servier and except as provided in this Agreement, during the Agreement Term will maintain and keep in full force and effect all agreements and filings (including Patent filings) necessary to perform its obligations hereunder; and

12.2.11 As of the Effective Date, to MacroGenics and its Affiliates' knowledge, all material Safety Data arising from the Initial Phase 1 Clinical Trial has been provided to Servier.

12.3 Representation and Warranty of LLS. LLS hereby represents and warrants to MacroGenics that IdRS is an Affiliate of LLS.

12.4 Mutual Covenants. Each Party hereby covenants to the other Party that:

12.4.1 Such Party shall comply with all applicable Laws in connection with this Agreement and the transactions contemplated hereby.

12.4.2 All employees of such Party or its Affiliates working under this Agreement will be under the obligation to assign all right, title and interest in and to their inventions and discoveries, whether or not patentable, to such Party as the sole owner thereof;

12.4.3 To its knowledge *** such Party will not (a) employ or use any contractor or consultant that employs, any individual or entity debarred by the FDA (or subject to a similar sanction of EMA) or, (b) employ any individual who or entity that is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMA), in each of clauses (a) and (b) in the conduct of its activities under this Agreement;

12.4.4 Such Party shall perform its activities pursuant to this Agreement in compliance in all material respects with GLP, GCP and cGMP (including those specified by the ICH), in each case as applicable; and

12.4.5 Neither Party shall, during the Agreement Term grant any right or license to any Third Party relating to any of the intellectual property rights it owns or Controls which would conflict with any of the rights or licenses granted or to be granted to the other Party hereunder pursuant to the provisions of ARTICLE 4.

12.5 Disclaimer. Except as otherwise expressly set forth in this Agreement, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY THAT ANY PATENTS ARE VALID OR ENFORCEABLE, AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT. Without limiting the generality of the foregoing except as otherwise expressly set forth in this Agreement, each Party disclaims any warranties with regards to: (a) the success of any study or test commenced under this Agreement, (b) the safety or usefulness for any purpose of the technology or materials, including any compounds, it provides or discovers under this Agreement; or (c) the validity, enforceability, or non-infringement of any intellectual property rights or technology it provides or licenses to the other Party under this Agreement.

ARTICLE 13
INDEMNIFICATION

13.1 Indemnification by Servier. Servier shall defend, indemnify and hold harmless the MacroGenics Indemnitees from and against any and all losses, damages, fees, expenses, settlement amounts or costs (including reasonable attorneys' fees and witness fees) ("Losses") relating to or in connection with a Third Party claim in the Servier Territory arising out of (a) any actual death, personal bodily injury or damage to real or tangible personal property proven to result, directly or indirectly, from the possession, use or consumption of, or treatment with, a Program Antibody or Licensed Product Researched, Developed, Manufactured or Commercialized in the Servier Territory by or on behalf of Servier or its Affiliates or Sublicensees, including any product liability claims; (b) any breach by Servier of its representations, warranties or covenants made under this Agreement; or (c) any negligent act or omission or willful misconduct of Servier or its Affiliates or Sublicensees or any of their employees, contractors or agents, in performing Servier's obligations or exercising Servier's rights under this Agreement; provided, however, that the foregoing indemnity shall not apply to the extent that any such Losses (i) are attributable to the gross negligence or willful misconduct of the MacroGenics Indemnitees, or (ii) are otherwise subject to an obligation by MacroGenics to indemnify the Servier Indemnitees under Section 13.2. For purposes of clarity, notwithstanding anything to the contrary in this Agreement, Servier shall not be liable for any Losses resulting from any claim in the MacroGenics Territory that results from any acts or omissions of MacroGenics, its Affiliates or Sublicensees, even if Servier had knowledge of, reviewed, commented on, or approved such acts or omissions of MacroGenics' or its Affiliates' or Sublicensees' plans with respect thereto.

13.2 Indemnification by MacroGenics. MacroGenics shall defend, indemnify and hold harmless the Servier Indemnitees from and against any and all Losses relating to or in connection with a Third Party claim in the MacroGenics Territory arising out of (a) any actual death, personal bodily injury or damage to real or tangible personal property proven to result, directly

or indirectly, from the possession, use or consumption of, or treatment with, a Program Antibody or Licensed Product Researched, Developed, Manufactured or Commercialized in the MacroGenics Territory by or on behalf of MacroGenics or its Affiliates or Sublicensees, including any product liability claims; (b) any breach by MacroGenics of its representations, warranties or covenants made under this Agreement; or (c) any negligent act or omission or willful misconduct of MacroGenics or its Affiliates or Sublicenses or any of their employees, contractors or agents, in performing MacroGenics' obligations or exercising MacroGenics' rights under this Agreement; provided, however, that the foregoing indemnity shall not apply to the extent that any such Losses are attributable to (i) the gross negligence or willful misconduct of the Servier Indemnitees, or (ii) are otherwise subject to an obligation by Servier to indemnify the MacroGenics Indemnitees under Section 13.1. For purposes of clarity, notwithstanding anything to the contrary in this Agreement, MacroGenics shall not be liable for any Losses resulting from any claim in the Servier Territory that results from any acts or omissions of Servier, its Affiliates or Sublicensees, even if MacroGenics had knowledge of, reviewed, commented on, or approved such acts or omissions of Servier's or its Affiliates' or Sublicensees' plans with respect thereto.

13.3 Procedure. In the event of a claim by a Third Party against any Person entitled to indemnification under this Agreement, the Party claiming indemnification (in such capacity, the "Indemnified Party") shall promptly notify the other Party (in such capacity, the "Indemnifying Party") in writing of the claim (it being understood that the failure by the Indemnified Party to give prompt notice of a Third Party claim as provided in this Section 13.3 shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that such Indemnifying Party is actually prejudiced as a result of such failure to give prompt notice). Within *** after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, undertake and solely manage and control, at its sole expense and with counsel reasonably satisfactory to the Indemnified Party, the defense of the claim. If the Indemnifying Party does not undertake such defense, the Indemnified Party shall control such defense. The Party not controlling such defense shall cooperate with the other Party and may, at its option and expense, participate in such defense with counsel of its choice; provided, that, if the Indemnifying Party assumes control of such defense and the Indemnified Party in good faith concludes, based on advice from counsel, that the Indemnifying Party and the Indemnified Party (or the relevant MacroGenics Indemnitee or Servier Indemnitee seeking indemnification) have conflicting interests with respect to such action, suit, proceeding or claim, the Indemnified Party's counsels may fully participate in such defense and the Indemnifying Party shall be responsible for the reasonable fees and expenses of one counsel to the indemnified Persons solely in connection therewith. The Party controlling such defense shall keep the other Party advised of the status of such action, suit, proceeding or claim and the defense thereof and shall consider recommendations made by the other Party with respect thereto. Except if the Indemnifying Party did not undertake defense of the claim or if the Indemnifying Party and the Indemnified Party (or the relevant MacroGenics Indemnitee or Servier Indemnitee seeking indemnification) have conflicting interests with respect to such action, suit, proceeding or claim and the Indemnified Party engages separate counsel, as provided above, the Indemnifying Party shall not be liable for any litigation costs or expenses incurred by the Indemnified Party without the Indemnifying Party's written consent. The Indemnified Party shall not settle any such action, suit, proceeding or claim without the prior written consent of the Indemnifying Party, which shall

not be unreasonably withheld, delayed or conditioned. The Indemnifying Party shall not settle, without the prior written consent of the Indemnified Party, any such action, suit, proceeding or claim, or consent to any judgment in respect thereof, that does not include a complete and unconditional release of the Indemnified Party from all liability with respect thereto, that imposes any liability or obligation on the Indemnified Party or that acknowledges fault by the Indemnified Party.

13.4 Allocation. In the event a claim is based partially on an indemnified claim and partially on a non-indemnified claim or based partially on a claim indemnified by one Party and partially on a claim indemnified by the other Party, any payments in connection with such claims are to be apportioned between the Parties in accordance with the degree of cause attributable to each Party.

13.5 EXCLUSION OF CONSEQUENTIAL DAMAGES. EXCEPT WITH RESPECT TO A BREACH OF ARTICLE 11 OR THIRD PARTY CLAIMS THAT ARE SUBJECT TO INDEMNIFICATION UNDER THIS ARTICLE 13, NEITHER MACROGENICS NOR SERVIER, NOR ANY OF THEIR RESPECTIVE AFFILIATES, WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER SUCH PARTY OR ANY REPRESENTATIVE OF SUCH PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE.

ARTICLE 14
TERM AND TERMINATION

14.1 Agreement Term; Expiration. This Agreement shall become effective as of the Effective Date, and, in the event Servier does not exercise the Option by the end of the Option Period, shall expire at the end of the Option Period, unless earlier terminated in accordance with this ARTICLE 14. In the event Servier exercises the Option in accordance with Section 3.3, this Agreement shall continue in full force until the last to expire Royalty Term for a Licensed Product in the Servier Territory. After the last to expire Royalty Term for a Licensed Product in a country in the Servier Territory, Servier shall be granted a fully paid-up non-exclusive license to use MacroGenics Know-How to Manufacture and Commercialize such Licensed Product in the Field in such country in the Servier Territory.

14.2 Termination for Cause. Either Party (the "Non-Breaching Party") may, without prejudice to any other remedies available to it under applicable Law or in equity, terminate this Agreement if the other Party (the "Breaching Party") shall have materially breached or defaulted in the performance of its obligations hereunder, and such default shall have continued for *** after written notice thereof was provided to the Breaching Party by the Non-Breaching Party, such notice describing the alleged breach. Any such termination of this Agreement under this Section 14.2 shall become effective at the end of such *** cure period, unless the Breaching Party has cured such breach or default prior to the expiration of such cure period provided

however that if the Breaching Party notifies the Non-Breaching Party within such *** period that the Breaching Party disagrees in good faith with such asserted basis for termination, this Agreement shall not terminate unless and until the matter has been finally resolved in accordance with section 16.2 "Arbitration" and the arbitration award rendered in accordance with section 16.2 specify that the Non-Breaching Party shall have the right to terminate this Agreement based on such asserted Breach. The right of either Party to terminate this Agreement as provided in this Section 14.2 shall not be affected in any way by such Party's waiver or failure to take action with respect to any previous default.

14.3 Termination for Patent Challenge. If either Party or any of its Affiliates or Sublicensees: (a) commences or otherwise voluntarily determines to participate in any action or proceeding (including any patent opposition or re-examination proceeding), challenging or denying the validity of any of the other Party's Patents or Joint Patents licensed hereunder or any claim thereof, or (b) actively assists any other Person in bringing or prosecuting any action or proceeding (including any patent opposition or re-examination proceeding) challenging or denying the validity of any of such Patents or any claim thereof, the non-challenging Party shall have the right to terminate this Agreement upon ******* written notice to the other Party. Any such termination shall only become effective if the challenging Party or its Affiliate or Sublicensee, as applicable, has not withdrawn such action before the end of the above notice period.

14.4 Termination for Convenience.

14.4.1 During the Research Term. *******, Servier shall have the right to terminate this Agreement in its entirety upon not less than ******* prior written notice thereof to MacroGenics.

14.4.2 During the License Term. At any time during the License Term, Servier shall have the right to terminate this Agreement in its entirety or on a country-by-country basis upon not less than ******* prior written notice thereof to MacroGenics.

14.5 Termination for Insolvency Event: Either Party may terminate this Agreement upon written notice to the other Party if the other Party suffers an Insolvency Event.

14.6 Termination by Servier for Safety or Public Health Reasons. If Servier reasonably determines that a safety or public health issue has arisen which (a) is demonstrated by clinically relevant events which are documented and (b) relates to a Program Antibody or a Licensed Product, such that the medical risk/benefit of such Program Antibody of Licensed Product is sufficiently unfavorable as to be incompatible with the welfare of patients to Develop or Commercialize or to continue to Develop or Commercialize such Program Antibody or Licensed Product, Servier shall immediately notify MacroGenics, and Servier shall be permitted to terminate this Agreement in its entirety upon written notice to MacroGenics, but in any event within *** of Servier's determination of such issue.

14.7 Effect of Expiration or Termination.

14.7.1 Upon termination of this Agreement by MacroGenics in whole or with respect to one or more Terminated Territories pursuant to Sections 14.2, 14.3, or 14.5 or by

Servier in whole or with respect to one or more Terminated Territories pursuant to Sections 14.4 or 14.6:

(a) all rights, licenses and options granted by MacroGenics to Servier with respect to each Terminated Territories hereunder shall terminate and Servier shall not have any rights to use or exercise any rights under the MacroGenics IP with respect to any Terminated Territory;

(b) if such termination occurs during the Research Term, (i) Servier shall Complete any ongoing Clinical Studies for Licensed Product in the Servier Territory where such completion is required by any applicable Law, requested by any Regulatory Authority or would be dictated by any applicable Institutional Review Board with oversight of such Clinical Study in the Servier Territory; and (ii) Servier shall promptly transfer and assign to MacroGenics all Supplemental Data and ***; and

(c) if such termination occurs during the License Term:

(i) Servier shall provide to MacroGenics a fair and accurate detailed written description of the status of the Development and Commercialization of the Program Antibodies and Licensed Products in each Terminated Territory through the effective date of termination within *** of such termination;

(ii) the licenses granted to MacroGenics pursuant to Section 4.2 shall remain in effect and shall become irrevocable;

(iii) Servier hereby grants to MacroGenics, effective upon the request of MacroGenics, ***.

(iv) In the event that MacroGenics requests a license under clause (iii) above and Servier has previously Completed a Phase 3 Clinical Trial for a Licensed Product in the Terminated Territory before the effective date of termination, MacroGenics shall ***;

(v) Servier shall promptly transfer and assign to MacroGenics all Regulatory Documentation and other technical and other information or materials in Servier's or its Affiliates' possession or control which are necessary or useful for the Research, Development or Commercialization of the Program Antibodies or Licensed Products in each Terminated Territory or, if no country remains in the Servier Territory, anywhere in the world; provided, that Servier may retain a single copy of such items for its records;

(vi) Promptly upon request by MacroGenics, but in no event commencing later than *** after the effective date of termination or continuing for more than *** (except to the extent that requirements of a Regulatory Authority necessitate a longer period), Servier shall provide such assistance to MacroGenics as may be reasonably necessary or useful for MacroGenics to commence or continue Developing, Manufacturing or Commercializing Licensed Products in the Terminated Territory, to the extent Servier is then

performing or having performed such activities, including transferring or amending as appropriate, upon request of MacroGenics, any agreements or arrangements with Third Party vendors to Develop, Manufacture or Commercialize Licensed Products in such Terminated Territory. To the extent that any such contract between Servier and a Third Party is not assignable to MacroGenics, Servier shall reasonably cooperate with MacroGenics to arrange to continue to provide such services for a reasonable time after termination, not exceeding ***. Within *** after MacroGenics' receipt of a proper invoice therefor, MacroGenics shall reimburse Servier for Servier's and its Affiliates' reasonable Out-of-Pocket Costs incurred in connection with any technology transfer conducted pursuant to this clause (vi); and

(vii) in the event this Agreement is terminated pursuant to Section 14.6, Servier shall reasonably cooperate with MacroGenics to either (A) wind down any ongoing Global Clinical Trial conducted under a Global Development Plan previously approved by Servier or (B) which is conducted by Servier in the Servier Territory for the Licensed Product, and/or diligently perform any follow-up of a clinical trial initiated in Servier Territory requested by any Regulatory Authority or dictated by any applicable Institutional Review Board. *** the activities mentioned in (A) above and *** shall entirely fund the activities mentioned in (B) above. Servier and Servier's Affiliates shall provide MacroGenics written notice of the quantity of Licensed Product that Servier has in inventory for sale in each Terminated Territory and permit MacroGenics, at MacroGenics' option, to purchase all or any part of Servier's worldwide unsold inventory of such Licensed Product ***.

14.7.2 Upon termination of this Agreement by Servier pursuant to sections 14.2 or 14.3:

(a) all rights, licenses and options granted to Servier, its Affiliates or Sublicensees pursuant to this Agreement shall remain in effect;

(b) all payment obligations under ARTICLE 8 shall remain in effect; and

(c) all licenses granted by Servier, its Affiliates or Sublicensees pursuant to this Agreement, including pursuant to section 4.2, shall terminate.

14.8 Accrued Rights; Surviving Provisions of the Agreement.

14.8.1 Accrued Rights. Termination or expiration of this Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of any Party prior to such termination or expiration including the payment obligations under ARTICLE 9 hereof, and any and all damages or remedies arising from any breach hereunder. Such termination or expiration shall not relieve any Party from obligations which are expressly indicated to survive termination of this Agreement.

14.8.2 Surviving Provisions of the Agreement. The provisions of Sections 3.3.3(c), 6.1.2, 9.6-9.9 (with regard to accrued but unpaid amounts), 9.10, 10.3.3, 12.5, 14.7 and 14.8 and ARTICLE 13 and ARTICLE 16, and any applicable definitions in ARTICLE 1, shall

survive the termination of this Agreement in its entirety or expiration of this Agreement for any reason, in accordance with their respective terms and conditions, and for the duration stated, and where no duration is stated, shall survive indefinitely. ARTICLE 11 shall survive for a period of *** after the effective date of termination or expiration of this Agreement.

ARTICLE 15
STANDSTILL

15.1 Standstill. Servier agrees that neither it nor any Affiliate, acting alone or as part of any group, shall directly or indirectly, for a period commencing on the Effective Date and ending *** after the Effective Date, without the prior written approval of MacroGenics' Board of Directors:

15.1.1 acquire or agree, offer, seek or propose to acquire, or cause to be acquired, ownership (including, but not limited to, beneficial ownership as defined in Rule 13d 3 under the Securities and Exchange Act of 1934) of any of the assets or businesses of MacroGenics or of any securities of MacroGenics, or any rights or options to acquire any such ownership (including from a third party);

15.1.2 make, or in any way ***, in any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) to vote, or seek to advise or influence any person with respect to the voting of any voting securities of MacroGenics;

15.1.3 form, join or in any way participate in, a "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) with respect to any voting securities of MacroGenics;

15.1.4 otherwise act, whether alone or in concert with others, to seek to propose to MacroGenics any merger, business combination, restructuring, recapitalization or similar transaction to or with MacroGenics or otherwise act, whether alone or in concert with others, to seek to control, *** of MacroGenics who is not nominated by the then incumbent directors,

15.1.5 solicit, negotiate with, or provide any information to, any person with respect to a merger, exchange offer or liquidation of MacroGenics or any other acquisition of MacroGenics, any acquisition or voting securities of or all or any portion of the assets of MacroGenics or any other similar transaction;

15.1.6 announce an intention to, or *** with any third party with respect to, any of the foregoing; or

15.1.7 disclose any *** inconsistent with the foregoing, or advise, assist or encourage any other persons in connection with any of the foregoing.

In addition, Servier hereby agrees that during the term of this Agreement, it shall not request MacroGenics, directly or indirectly, to amend or waive any provision of this ARTICLE 15, (including this sentence.) ***.

ARTICLE 16
MISCELLANEOUS

16.1 Disputes.

16.1.1 In the event any dispute arises out of or in relation to or in connection with this Agreement, including failure to perform under or breach of, this Agreement or any issue relating to the interpretation or application of this Agreement, the Parties shall use good faith efforts to resolve such dispute within *** after a Party notifies the other Party of such dispute, whether through the JEC, JSC, JRDC or any subcommittee, as applicable, if the dispute is within the responsibilities of such a committee, or otherwise. If the Parties are unable to resolve such dispute, at the JSC, JRDC or subcommittee level or otherwise, within such *** period, either Party may, by written notice to the other Party refer such dispute to the JEC for resolution, and the JEC shall attempt in good faith to resolve such dispute within *** after such notice.

16.1.2 Any dispute with respect to which a Party has final decision-making authority pursuant to Section 2.9.3 or any dispute between the Parties concerning the validity, scope, enforceability, inventorship, or ownership of intellectual property rights (each, a "Non-Arbitrable Dispute"), shall not be subject to resolution by binding arbitration under 16.2.

16.2 Arbitration. If the JEC is unable to resolve a given dispute referred to it pursuant to Section 2.9.3(b) or 16.1 within ******* following such referral of such dispute to the JEC, except for any Non-Arbitrable Disputes, either Party may have the given dispute settled by binding arbitration in the manner described below:

16.2.1 Arbitration Request. If a Party intends to begin an arbitration to resolve a dispute arising under this Agreement, such Party shall provide written notice (the "Arbitration Request") to the other Party of such intention and the issues for resolution.

16.2.2 Additional Issues. Within ******* after the receipt of the Arbitration Request, the other Party may, by written notice, add additional issues for resolution.

16.2.3 Arbitration Rules; Location. Except as expressly provided herein, the sole mechanism for resolution of any claim, dispute or controversy arising out of or in connection with or relating to this Agreement or the breach or alleged breach thereof shall be arbitration by the ******* then in effect except as provided herein. Neither Party shall be required to give general discovery of documents, but may be required to produce documents or testimony

which are considered relevant by the arbitrators to the dispute. The production of electronic documents shall be limited to those located in sources that are used in the ordinary course of business. Neither Party shall be ordered to restore backup tapes; erased, damaged or fragmented data, or data normally deleted in the ordinary course of business. When the cost and burden of discovery are disproportionate to the likely importance of the requested materials, the arbitrator may deny the requests or require that the requesting party advance the reasonable cost of production to the other Party. The Parties can further agree to limit the extent of discovery in any arbitration undertaken pursuant to this Agreement. The arbitration shall take place in ***.

16.2.4 Privileges. If a Party is entitled to attorney-client or attorney work product privileges from disclosure established under public policy provisions, such privileges shall apply and may be invoked by the other Party.

16.2.5 English Language. All proceedings shall be held in English and a transcribed record prepared in English. Documents submitted in the arbitration (the originals of which are not in English) shall be submitted together with a reasonably complete and accurate English translation.

16.2.6 Selection of Arbitrators. The Parties shall each choose one arbitrator within ******* after receipt of notice of the intent to arbitrate and the said two arbitrators shall select by mutual agreement a third arbitrator within ******* after they have been selected as arbitrators. If no arbitrator is appointed within the times herein provided or any extension of time that is mutually agreed on, ******* shall make such appointment (i.e. shall appoint three arbitrators) within ******* after such failure. Additionally, if the two arbitrators selected by the Parties fail to appoint a third arbitrator within the time provided, *** shall appoint the third arbitrator.

16.2.7 Experience. If the issues in dispute involve scientific or technical matters, any arbitrators chosen hereunder shall have educational training or experience sufficient to demonstrate a reasonable level of knowledge in the pharmaceutical and biotechnology fields.

16.2.8 Powers of Arbitrators. The arbitrators shall be limited in the scope of their authority to resolving only the specific matter which the Parties have referred to arbitration for resolution and shall not have authority to render any decision or award on any other issues. Without limiting the foregoing, the arbitrators:

(a) shall not have any power or authority to add to, alter, amend or modify the terms of this Agreement but shall specify rules sufficient to allow reasonable discovery by the Parties;

(b) shall establish and enforce appropriate rules to ensure that the proceedings, including the decision, be kept confidential and that all Confidential Information of the Parties be kept confidential and be used for no purpose other than the arbitration; and

(c) shall issue all preliminary awards and the final award in writing.

16.2.9 Injunctive Relief. Nothing in this Agreement shall be deemed as preventing either Party from seeking injunctive relief (or any other provisional remedy such as temporary restraining order, preliminary injunction or other interim equitable relief) from the arbitrators or from any court having jurisdiction over the Parties (and prior to or during any arbitration if necessary to protect the interests of such Party in avoiding irreparable harm or to preserve the status quo pending the arbitration proceeding) and the subject matter of the dispute as necessary to protect either Party's name, proprietary information, Know-How or any other proprietary right or otherwise to avoid irreparable harm.

16.2.10 Costs; Exclusion from Award. The award rendered by the arbitrators *******.

16.2.11 Survivability. Any duty to arbitrate under this Agreement shall remain in effect and be enforceable after termination of this Agreement.

16.3 Governing Law. This Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with the ******* without reference to conflicts of laws principles. *******

16.4 Assignment. Neither this Agreement nor any right or obligation hereunder may be assigned or otherwise transferred by any Party without the consent of the other Party; provided, however, that any Party may, without such consent, assign this Agreement, in whole or in part: (a) to any of its respective Affiliates; provided that the assigning Party shall remain jointly and severally liable with such Affiliate in respect of all obligations so assigned, or (b) to any successor in interest by way of merger, acquisition or sale of all or substantially all of its assets to which this Agreement relates (an "M&A Event"); provided that such successor agrees in writing to be bound by the terms of this Agreement as if it were the assigning party. Any assignment not in accordance with this Section 16.4 shall be void. Each Party agrees that, notwithstanding any provisions of this Agreement to the contrary, if this Agreement is assigned by a Party in connection with an M&A Event, such assignment shall not provide the non-assigning Party with rights or access to any intellectual property or technology of the acquirer of the assigning Party. ***.

16.5 Force Majeure. No Party shall be held liable or responsible to the other Party nor be deemed to be in default under, or in breach of any provision of, this Agreement for failure or delay in fulfilling or performing any obligation (other than a payment obligation) of this Agreement when such failure or delay is due to force majeure, and without the fault or negligence of the Party so failing or delaying. For purposes of this Agreement, force majeure is defined as causes beyond the control of the Party, including acts of God; war; civil commotion; destruction of production facilities or materials by fire, flood, earthquake, explosion or storm; external labor disturbances; epidemic; and failure of public utilities or common carriers. In such event MacroGenics or Servier, as the case may be, shall immediately notify the other Party of such inability and of the period for which such inability is expected to continue. The Party giving such notice shall thereupon be excused from such of its obligations under this Agreement as it is thereby disabled from performing for so long as it is so disabled for up to a maximum of

***, after which time MacroGenics and Servier shall promptly meet to discuss in good faith how to best proceed in a manner that maintains and abides by this Agreement. To the extent possible, each Party shall use reasonable efforts to minimize the duration of any force majeure. If a force majeure event prevents a Party from performing any of its Development obligations for a Global Clinical Trial or Manufacturing obligations hereunder that would delay the Development or Manufacture of Licensed Product in the non-affected Party's Territory, then, if the Parties can not agree on how to best proceed following such discussions, then, notwithstanding the exclusive license grants hereunder, the Party not affected by the force majeure event shall be permitted to either perform directly or engage a Third Party clinical research organization or contract manufacturing organization to perform such Development and/or Manufacturing obligations for the duration of such force majeure event.

16.6 Notices. Any notice or request required or permitted to be given under or in connection with this Agreement shall be deemed to have been sufficiently given if in writing and personally delivered or sent by certified mail (return receipt requested), facsimile transmission (receipt verified), or reputable international business courier (signature required), prepaid, to the Party for which such notice is intended, at the address set forth for such Party below:

If to MacroGenics,

addressed to:

Prior to December 1, 2011:
MacroGenics, Inc.
1500 East Gude Drive
Rockville, MD 20850
Attention: Chief Executive Officer
Facsimile: ***

After December 1, 2011:
MacroGenics, Inc.
9640 Medical Center Drive
Rockville, MD 20850
Attention: Chief Executive Officer
Facsimile: ***

with a copy to:

Wilmer Cutler Pickering Hale and Dorr LLP
399 Park Avenue
New York, NY 10022
Attention: ***
Facsimile: ***

If to Servier,

addressed to:
Les Laboratoires Servier
50 rue Carnot

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92284 Suresnes Cedex
France
Attention: ***
Facsimile: ***

or to such other address for such Party as it shall have specified by like notice to the other Parties, provided that notices of a change of address shall be effective only upon receipt thereof. The effective date of any notice shall be the actual date of receipt by the Party receiving the same.

16.7 Export Clause. Each Party agrees that, as of the Effective Date, it will not export or re-export restricted commodities or the technical data of the other Party in any form without the appropriate United States and non-United States government licenses.

16.8 Waiver. Neither Party may waive or 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 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.

16.9 Severability. If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

16.10 Entire Agreement. This Agreement, together with the Schedules and Exhibits hereto, set forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties as to the subject matter of this Agreement and supersedes and terminates all prior agreements and understanding between the Parties with respect to the subject matter hereof. In particular, and without limitation, this Agreement supersedes and replaces the Existing Confidentiality Agreement and any and all term sheets relating to the transactions contemplated by this Agreement and exchanged between the Parties prior to the Effective Date. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties as to the subject matter of this Agreement other than as set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties.

16.11 Independent Contractors. Nothing herein shall be construed to create any relationship of employer and employee, agent and principal, partnership or joint venture between the Parties. Each Party is an independent contractor. Neither Party shall assume, either directly or indirectly, any liability of or for the other Party. Neither Party shall have the authority to bind or obligate the other Party and neither Party shall represent that it has such authority.

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16.12 Headings; Construction; Interpretation. Headings used herein are for convenience only and shall not in any way affect the construction of or be taken into consideration in interpreting this Agreement. The terms of this Agreement represent the results of negotiations between the Parties and their representatives, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereto hereby waives the application in connection with the interpretation and construction of this Agreement of any rule of Law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement. Any reference in this Agreement to an Article, Section, subsection, paragraph, clause, Schedule or Exhibit shall be deemed to be a reference to any Article, Section, subsection, paragraph, clause, Schedule or Exhibit, of or to, as the case may be, this Agreement. Except where the context otherwise requires, (a) any definition of or reference to any agreement, instrument or other document refers to such agreement, instrument other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein), (b) any reference to any Law refers to such Law as from time to time enacted, repealed or amended, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof, (d) the words “include,” “includes,” “including,” “exclude,” “excludes,” and “excluding,” shall be deemed to be followed by the phrase “but not limited to,” “without limitation” or words of similar import.

16.13 Further Actions. Each Party shall execute, acknowledge and deliver such further instruments, and do all such other acts, as may be necessary or appropriate in order to carry out the expressly stated purposes and the clear intent of this Agreement.

16.14 Parties in Interest. All of the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by the Parties hereto and their respective successors, heirs, administrators and permitted assigns.

16.15 Performance by Affiliates. To the extent that this Agreement imposes obligations on Affiliates of a Party, such Party agrees to cause its Affiliates to perform such obligations.

16.16 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original, notwithstanding variations in format or file designation which may result from the electronic transmission, storage and printing of copies from separate computers or printers. Facsimile signatures and signatures transmitted via portable document format (PDF) shall be treated as original signatures.

[Signature page to follow]

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IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

MACROGENICS, INC.

By: /s/ Scott Koenig
Name: Scott Koenig
Title: CEO

LES LABORATOIRES SERVIER

By: _____
Name: ***
Title: ***

By: _____
Name: ***
Title: ***

INSTITUT DE RECHERCHES SERVIER

By: _____
Name: ***
Title: ***

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Exhibit A-1
Back-Up Program Antibodies

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*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit A-2
MGA271

***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

Exhibit B

MacroGenics Patents

Country	Appl Serial No.	Publication No.	Patent No.
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A total of three pages were omitted.

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Exhibit C

MacroGenics Third Party Agreements

1. ***

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Exhibit D

Press Release

MacroGenics and Servier Enter Development and Commercialization Agreement for Novel Anti-Cancer Drug

- MGA271 is a therapeutic monoclonal antibody that recognizes B7-H3, a member of the B7 family of immune regulators, that is over-expressed on a wide variety of solid tumors
- MacroGenics retains full program rights in North America, Japan, Korea and India
- Servier has an option to obtain an exclusive license to develop and commercialize MGA271 in the rest of the world.

ROCKVILLE, Maryland and SURESNES , France – , 2011 – MacroGenics, Inc., a privately held biotechnology company that develops next generation antibody therapeutics, and Servier, France's largest privately-held pharmaceutical company, announced today that they have entered into an option and license agreement for the development and commercialization of MGA271, MacroGenics' proprietary product candidate. MGA271 is a first-in-class, Fc-optimized monoclonal antibody that targets B7-H3 and is currently being studied in a Phase 1 clinical trial for the treatment of solid tumors.

MGA271 is a next generation monoclonal antibody which incorporates multiple complementary mechanisms of action including enhanced immuno-stimulatory properties and targeting of tumor vasculature. B7-H3 target is overexpressed in several malignancies requiring innovative therapeutic approaches. Following very promising pre-clinical results, we will work together to define the clinical indications and the best drug combinations and to identify early biomarkers predictive of response", said Dr. Stéphane Depil, MD, PhD, in charge of Oncology Research & Development at Servier. "Today's announcement underscores Servier's commitment to develop novel targeted therapies that address significant unmet medical needs for cancer patients," added Dr. Emmanuel Canet, MD, PhD, President Research & development at Servier. "MGA271 is a novel immunotherapeutic with a compelling product profile and the potential to treat a broad spectrum of solid tumors. We have been deeply impressed by both the excellence of science being conducted by MacroGenics and their world class antibody development capabilities. We are looking forward to building a long-term strategic collaboration with MacroGenics." Under the terms of the agreement, MacroGenics retains full development and commercialization rights to MGA271 in the U.S., Canada, Mexico, Japan, Korea and India, while Servier has an option to obtain an exclusive license covering the rest of the world. Prior to the exercise of Servier's option, both parties will fund and conduct specified research and development activities. MacroGenics will receive a $20 million upfront payment. If Servier exercises its option upon completion of the Phase 1 study and its expansion cohorts, MacroGenics will receive an option exercise fee which, combined with the up-front and early development milestone payments, will total $60 million. In addition, MacroGenics could receive up to an additional $390 million in clinical, regulatory and commercialization milestone payments. Finally, MacroGenics may receive tiered, double-digit royalties on future net sales. Both parties will share the clinical development costs following the option exercise.

"We are delighted to enter into this collaboration with Servier. It will significantly broaden and accelerate our clinical plans for MGA271, enabling us to further investigate the multiple solid tumor types for which MGA271 may have activity," said Dr. Scott Koenig, President and CEO of MacroGenics. "This important collaboration highlights the rapidly growing excitement surrounding the B7 family of immune regulators in oncology immunotherapy as well as our Fc engineering platform."

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“Servier is a world-class pharmaceutical company with a long history of successful innovation and a dedication to research for the benefit of patients,” Dr. Koenig continued. “They have an expansive global footprint and are an ideal partner to maximize the potential of MGA271.”

MGA271 is currently being tested in an open-label, multi-dose, single-arm, dose-escalation Phase 1 study in patients with refractory B7-H3-expressing neoplasms. The trial employs a companion diagnostic for B7-H3 which will enable prospective screening of patients for expression of the target antigen. Enrollment of the first dosing cohort has been completed. Clinical investigators include Dr. Howard Burris at Sarah Cannon Research Institute, Dr. Roger Cohen at Hospital of the University of Pennsylvania/Abramson Cancer Center and Dr. Keith Flaherty at Massachusetts General Hospital.

About MGA271

MGA271 is a humanized IgG1/kappa monoclonal antibody that recognizes human B7-H3, a novel member of the B7 family of immune regulators. B7-H3 is an attractive target for immunotherapy, as it is over-expressed in a variety of solid tumors, including prostate, pancreatic, melanoma, renal cell, ovarian, colorectal, gastric, bladder, and non-small cell lung cancers. MGA271 has been Fc-optimized using MacroGenics’ proprietary Fc-engineering platform to further augment its tumor killing activity. The product’s Fc region imparts increased affinity for the human activating Fc-gamma receptor IIIA (Fc-gamma RIIIA, CD16A) and decreased affinity for the inhibitory Fc-gamma RIIB (CD32B).

About MacroGenics

MacroGenics is a private, venture-backed biotechnology company that focuses on the discovery, development and delivery to patients of novel biologics for cancer, autoimmune disorders and infectious diseases. The company has built a fully-integrated set of capabilities in antibody-based product development which supports its innovative pipeline of clinical stage product candidates. MacroGenics’ proprietary research is based on three core technology platforms, which include: (1) a leading research capability for screening and targeting cancer stem-like cells; (2) Dual-Affinity Re-Targeting (or DART) technology, which allows the incorporation of multiple specificities within a single recombinant molecule; and (3) Fc optimization, which enhances antibody-dependent effector functions. The company has global product development collaborations with Boehringer Ingelheim and Pfizer Inc. which employ its DART technology. For more information about MacroGenics, please visit www.macrogenics.com.

About Servier

Servier is the leading independent French pharmaceutical company with a 2011 turnover of €3.9 billion. The Servier Group is established in 140 countries with its main therapeutic products used to treat diabetes, cardiovascular disease, CNS disorders, oncology and rheumatology. More than 25% of Servier’s revenue is invested in Research & Development. Servier has 20,000 employees worldwide, including nearly 3,000 in R&D. For further information, please visit www.servier.com.

Statements made in this news release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “intends,” and similar expressions are intended to identify forward-looking statements. Actual results may differ materially from those projected in any forward-looking statement. Specifically, there are a number of important factors that could cause actual results to differ materially from those anticipated, such as the Company’s ability to raise additional capital, and risks related to the Company’s ability to initiate, and enroll patients in, planned clinical trials. You should not place undue reliance on any forward-looking statements. The Company assumes no obligation to update any forward-looking statements as a result of new information, future events or developments, except as required by law.

Contacts:
Scott Koenig, M.D., Ph.D., President and CEO
or Jim Karrels, Vice President, CFO
both of MacroGenics, Inc., +1-301-251-5172, info@macrogenics.com

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Exhibit 10.22

Execution Version

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Triple asterisks denote omissions.

RESEARCH COLLABORATION AND LICENSE AGREEMENT

BY AND BETWEEN

PFIZER INC.

AND

MACROGENICS, INC.

OCTOBER 13, 2010

TABLE OF CONTENTS

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EXHIBITS

Exhibit 2.3.1	Form of Research Plans
Exhibit 7.3.1	Press Release

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SCHEDULES

Schedule 1.19	***
Schedule 1.34	***
Schedule 1.80	***
Schedule 1.125	***
Schedule 2.10	MacroGenics Subcontractors and Services
Schedule 8.2.3	Patent Rights of MacroGenics
Schedule 8.2.8	Funding Agreements
Schedule 8.2.13	Litigation

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RESEARCH COLLABORATION AND LICENSE AGREEMENT

This Research Collaboration and License Agreement (the "**Agreement**") is entered into as of October 13, 2010 (the "**Effective Date**"), by and among Pfizer, Inc., a corporation organized and existing under the laws of the State of Delaware and having a place of business at 500 Arcola Road, Collegeville, Pennsylvania 19426, United States ("**Pfizer**") and MacroGenics, Inc., a corporation organized and existing under the laws of the State of Delaware and having a place of business at 1500 East Gude Drive, Rockville, MD 20850 ("**MacroGenics**"). Pfizer and MacroGenics may each be referred to herein individually as a "**Party**" and collectively as the "**Parties**."

WHEREAS, Pfizer is engaged in the research, development and commercialization of pharmaceutical and health care products;

WHEREAS, MacroGenics has developed a T-DART platform, which is focused on dual specificity "antibody-like" therapeutic proteins capable of targeting both immune effector cells and other cells with a single recombinant molecule, and certain intellectual property useful in connection with the application of such T-DART platform; and

WHEREAS, Pfizer and MacroGenics desire to collaborate to discover and research T-DARTs active against certain designated targets and to provide for Pfizer to further research, develop, manufacture and commercialize such T-DARTs and products containing such T-DARTs, as provided for herein.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth below and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. DEFINITIONS.

When used in this Agreement, the following capitalized terms shall have the meanings set forth in this Section 1. Any terms defined elsewhere in this Agreement shall be given equal weight and importance as though set forth in Section 1.

1.1. "**Additional Third Party Licenses**" is defined in Section 5.4.3(b).

1.2. "**Affiliate**" means, with respect to any Person, any other Person that controls, is controlled by or is under common control with such Person. A Person shall be regarded as in control of another entity if it owns or controls at least fifty percent (50%) of the equity securities of the subject entity entitled to vote in the election of directors (or, in the case of an entity that is not a corporation, for the election of the corresponding managing authority), provided, however, that the term "Affiliate" shall not include subsidiaries or other entities in which a Party or its Affiliates owns a majority of the ordinary voting power necessary to elect a majority of the board of directors or other managing authority, but is restricted from electing such majority by contract or otherwise, until such time as such restrictions are no longer in effect.

1.3. "**Agreement**" is defined in the introduction to this Agreement.

1.4. "**Agreement Product**" means any product containing an Agreement T-DART.

1.5. "**Agreement T-DART**" means any T-DART that is identified during the course of the Research Program as binding to a Research Project Target, including any portion, fragment or subunit thereof, and any modified or derivative form of any of the foregoing, and the nucleic acid sequence encoding for any of the foregoing.

1.6. "**Agreement T-DART IP**" means any invention that constitutes or comprises the composition or formulation of, or any method of manufacture or use of, any Agreement T-DART or Agreement Product and that is invented by MacroGenics or any of its Affiliates, or any Subcontractor of MacroGenics or any of its Affiliates, solely or jointly with Pfizer or any of its Affiliates, or any Subcontractor of Pfizer or any of its Affiliates, in the conduct of the Research Program during the Research Term, and excluding any invention included in the Pfizer Material Improvements.

1.7. "**Agreement T-DART Patent Right**" means any Pfizer Patent Right filed after the Effective Date covering or claiming any invention assigned to Pfizer as Agreement T-DART IP pursuant to Section 4.1.2.

1.8. "**Alliance Manager**" is defined in Section 2.6.

1.9. "**Annual Net Sales**" means, with respect to any Agreement Product, the aggregate Net Sales by Pfizer, its Affiliates and its Sublicensees from the sale of such Agreement Product in the Territory during each Pfizer Year of the applicable Royalty Term for such Agreement Product.

1.10. "**Antibody**" means a molecule which comprises or contains: (a) one or more immunoglobulin variable domains; (b) fragments, variants, modifications or derivatives of such immunoglobulin variable domains irrespective of origin or source; or (c) the nucleic acid consisting of a sequence of nucleotides encoding (or complementary to a nucleic acid encoding) the foregoing molecules in (a) or (b). The term "Antibody" shall include any monospecific antibodies and less than full-length antibody forms such as Fv, Fab, and F(ab').

1.11. "**Applicable Law**" means the laws, statutes, rules, regulations, guidelines, or other requirements (including Good Manufacturing Practices ("**GMP**"), Good Laboratory Practices and Good Clinical Practices), that may be in effect from time to time and apply to a Party's activities to be performed under this Agreement, including any such laws, statutes, rules, regulations, guidelines, or other requirements of the FDA or the EMEA.

1.12. "**Bankruptcy Code**" is defined in Section 4.6.

1.13. "**Binding Obligation**" means, with respect to a Party (a) any oral or written agreement or arrangement that binds or affects such Party's operations or property, including any assignment, license agreement, loan agreement, guaranty, or financing

agreement; (b) the provisions of such Party's charter, bylaws or other organizational documents or (c) any order, writ, injunction, decree or judgment of any court or Governmental Authority entered against such Party or by which any of such Party's operations or property are bound.

1.14. "**Biosimilar Biologic Product**" is defined in Section 5.4.3(b).

1.15. "**Business Day**" means a day other than a Saturday, a Sunday or a day that is a national holiday in the United States.

1.16. "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31, for so long as this Agreement is in effect.

1.17. "**Calendar Year**" means each successive period of twelve (12) calendar months commencing on January 1 and ending on December 31.

1.18. "**CD3**" means the complex comprising the epsilon, delta and gamma subunits of the CD3 receptor complex (including any subtypes, alleles, and splice variants).

1.19. ***

1.20. "**CPI**" is defined in Section 1.43.

1.21. "**Change of Control**" means, with respect to a Party, (a) a merger, reorganization or consolidation of such Party with a Third Party which results in the voting securities of such Party outstanding immediately prior thereto ceasing to represent at least fifty percent (50%) of the combined voting power of the surviving or resulting entity immediately after such merger, reorganization or consolidation, (b) a Third Party becoming the beneficial owner of fifty percent (50%) or more of the combined voting power of the outstanding securities of such Party, or (c) the sale or other transfer to a Third Party of all or substantially all of such Party's business or assets to which this Agreement relates; provided that, for purposes of subsections (a), (b) and (c), such Third Party or an Affiliate of such Third Party is engaged immediately prior to the Change of Control in the pharmaceutical or biotechnology business and is not a venture capital or other institutional investor. Change of Control shall not include any public offering of the shares of MacroGenics.

1.22. "**Combination Product**" means an Agreement Product containing an Agreement T-DART and one or more other therapeutically active ingredients.

1.23. "**Commercialization**" or "**Commercialize**" means activities directed to marketing, promoting, distributing, importing, exporting, using for commercial purposes or selling or having sold an Agreement Product. Commercialization shall not include any activities related to Manufacturing or Development.

1.24. "**Commercially Reasonable Efforts**" means, with respect to the efforts to be expended by a Party with respect to any objective, those reasonable, good faith efforts to accomplish such objective as such Party would normally use to accomplish a similar objective under similar circumstances. With respect to any efforts relating to the Development, Regulatory Approval or Commercialization of an Agreement T-DART or Agreement Product by a Party, generally or with respect to any particular country in the Territory, a Party will be deemed to have exercised Commercially Reasonable Efforts if such Party has exercised those efforts normally used by such Party, in the relevant country, with respect to a compound, product or product candidate, as applicable of similar modality owned or Controlled by such Party, or to which such Party has similar rights, which compound, product or product candidate is of similar market potential in such country, and is at a similar stage in its development or product life cycle as the Agreement T-DART or Agreement Product, taking into account all Relevant Factors in effect at the time such efforts are to be expended. To the extent that the performance of a Party's obligations hereunder is adversely affected by the other Party's failure to perform its obligations hereunder, the impact of such performance failure will be taken into account in determining whether such Party has used its Commercially Reasonable Efforts to perform any such affected obligations.

1.25. "**Confidential Information**" of a Party means all Know-How or other information, including proprietary information and materials (whether or not patentable) regarding such Party's technology, products, business or objectives, that is communicated in any way or form by the Disclosing Party to the Receiving Party, either prior to or after the Effective Date of this Agreement (including any information disclosed pursuant to the Confidentiality Agreements), and whether or not such Know-How or other information is identified as confidential at the time of disclosure. The terms and conditions of this Agreement shall be considered the Confidential Information of each Party.

1.26. "**Confidentiality Agreements**" means the Confidentiality Agreements between the Parties dated *******.

1.27. "**Control**" or "**Controlled**" means, with respect to any (a) item of information, including Know-How, or (b) any other intellectual property right, the possession (whether by ownership interest or license, other than pursuant to this Agreement) by a Party of the ability to grant to the other Party access to or a license under such item or right, as provided herein, without violating the terms of any agreement or other arrangements with any Third Party; provided that any item of information or other intellectual property right that is licensed or acquired by a Party after the Effective Date and that would otherwise be considered to be under the Control of a Party shall not be deemed to be under the Control of such Party if the application of such definition in the context of any licenses or sublicenses granted to the other Party under this Agreement would require the granting Party to make any additional payments or royalties to a Third Party in connection with such license or sublicense grants, unless the other Party agrees to pay all such additional payments or royalties due to such Third Party.

1.28. "**Develop**" or "**Development**" means to discover, research or otherwise develop a product, including conducting any pre-clinical, non-clinical or clinical research and any drug development activity, including discovery, research, toxicology, pharmacology and other similar efforts, test method development and stability testing, manufacturing process development, formulation development, delivery system development, quality assurance and quality control development, statistical analysis, clinical studies (including pre- and post-approval studies), diagnostic assays in connection with clinical studies, and all activities directed to obtaining any Regulatory Approval, including any marketing, pricing or reimbursement approval. Development shall not include any activities related to Manufacturing or Commercialization.

1.29. "**Development Milestone**" is defined in Section 5.3.2.

1.30. "**Development Milestone Payment**" is defined in Section 5.3.2.

1.31. "**Diligence Issue**" is defined in Section 3.2.4.

1.32. "**Disclosing Party**" is defined in Section 7.1.

1.33. "**Effective Date**" is defined in the introduction to this Agreement.

1.34. ***

1.35. "**EMEA**" means the European Medicines Agency, or any successor agency thereto.

1.36. "**FD&C Act**" means the United States Federal Food, Drug, and Cosmetic Act (21 U.S.C. § 301 et seq.), as amended, and the rules and regulations promulgated thereunder.

1.37. "**FDA**" means the United States Food and Drug Administration or any successor agency thereto.

1.38. "**Field**" means all human and veterinary therapeutic, diagnostic, prophylactic and prognostic purposes, provided, however, that for so long as MacroGenics has obligations under, and solely to the extent required in order for MacroGenics not to be in violation of its obligations under, ***, the "Field" shall not include the Development or Commercialization of any Agreement T-DART or Agreement Product that binds to CD3 and is intended to be Developed or Commercialized *** ***

1.39. "**First Commercial Sale**" means, with respect to any Agreement Product and any country of the world, the first sale of such Agreement Product under this Agreement by Pfizer, its Affiliates or its Sublicensees to a Third Party in such country, after such Agreement Product has been granted Regulatory Marketing Approval by the competent Regulatory Authorities in such country. When used without reference to a specified Indication, First Commercial Sale means the First Commercial Sale for any Indication.

1.40. "**First Research Project Target**" is defined in Section 2.1.1.

1.41. "**Foregone Agreement T-DART Patent Right**" is defined 6.2.1(b).

1.42. "**FTE**" means a full time equivalent scientific person ******* ******* year, consisting of a minimum of a total of ******* of scientific work directly related to and in support of the Research Program by an employee or full-time contractor or consultant of MacroGenics or any of its Affiliates.

1.43. "**FTE Rate**" means *******, increased or decreased annually by the percentage increase or decrease in the Consumer Price Index–Urban Wage Earners and Clerical Workers, United States City Average, All Items, 1982-84 = 100, published by the United States Department of Labor, Bureau of Labor Statistics (or its successor equivalent index) in the United States ("**CPI**") as of December 31 of the then most recently ended Calendar Year over the level of the CPI on December 31, 2010 (*i.e.*, the first such increase or decrease would occur on January 1, 2012).

1.44. "**GAAP**" means generally accepted accounting principles, consistently applied.

1.45. "**GMP**" is defined in Section 1.11.

1.46. "**Generic Competition**" is defined in Section 5.4.3(a).

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

1.48. "**IND**" means an Investigational New Drug Application, as defined in the FD&C Act, that is required to be filed with the FDA before beginning clinical testing of an Agreement Product in human subjects, or an equivalent foreign filing.

1.49. "**Indemnified Party**" is defined in Section 10.4.1.

1.50. "**Indemnifying Party**" is defined in Section 10.4.1.

1.51. "**Indication**" means a disease, disease stage, discrete form of a disease or any precursor condition thereof or a line of treatment thereof *******, for which a separate Regulatory Approval Application has been obtained or is being sought.

1.52. "**Initial Research Project Targets**" is defined in Section 2.1.1.

1.53. "**Initial Reserved Targets**" is defined in Section 2.1.2.

1.54. "**Joint Invention**" is defined in Section 6.1.1(b).

1.55. "**Joint Know-How**" is defined in Section 6.1.1(b).

1.56. "**Joint Patent Right**" means any Patent Right claiming any Joint Invention.

1.57. "**Joint Steering Committee**" or "**JSC**" is defined in Section 2.5.1.

1.58. "**Joint Technology**" means, collectively, the Joint Patent Rights, the Joint Inventions and the Joint Know-How.

1.59. "**Know-How**" means any proprietary invention, discovery, data, information, process, method, technique, material, technology, result or other know-how, whether or not patentable.

1.60. "**Liability**" is defined in Section 10.2.

1.61. ***

1.62. ***

1.63. **"Litigation Conditions" is defined in Section** 10.4.2.

1.64. "**MacroGenics**" is defined in the introduction to this Agreement.

1.65. **"MacroGenics Derived Terminated Agreement T-DART"** is defined in Section 9.5.2(e)(i).

1.66. **"MacroGenics Excluded Target Schedule"** is defined in Section 2.1.1.

1.67. **"MacroGenics Indemnified Party"** is defined in Section 10.2.

1.68. **"MacroGenics Know-How**" means any Know-How comprised in the MacroGenics Technology, excluding any Joint Know-How.

1.69. "**MacroGenics Patent Right**" means any Patent Right comprised in the MacroGenics Technology, excluding any Joint Patent Rights.

1.70. "**MacroGenics Technology**" means any Patent Right or Know-How that (a) is Controlled by MacroGenics or any Affiliate of MacroGenics as of the Effective Date or that comes into the Control of MacroGenics or any of its Affiliates at any time during the Term and (b) is necessary or useful to Develop, Manufacture or Commercialize Agreement T-DARTs and/or Agreement Products.

1.71. "**MacroGenics Third Party Agreement**" means any agreement between MacroGenics and any Third Party under which MacroGenics obtains rights in or to any MacroGenics Technology.

1.72. **"MacroGenics-Derived Terminated Agreement T-DART"** is defined in Section 9.5.2(e)

1.73. **"Major EU Market Country**" means any of ***

1.74. "**Major Market Country**" means any ***

1.75. "**Manufacturing**" or "**Manufacture**" means activities directed to making, producing, manufacturing, processing, filling, finishing, packaging, labeling, quality assurance testing and release, shipping or storage of a product. Manufacturing shall not include any activities related to Development or Commercialization.

1.76. **"Marginal Royalty Rates**" is defined in Section 5.4

1.77. "**Milestone Payment**" means the Technical Milestones, Development Milestones, and Sales Milestones.

1.78. **"Net Sales**" means:

1.78.1. with respect to an Agreement Product that is not a Combination Product, gross receipts from sales by Pfizer and its Affiliates and Sublicensees (each, a **"Selling Person**") of such Agreement Product to Third Parties in the Territory, less in each case, to the extent reasonably allocable to Agreement Products in accordance with GAAP, sales returns and allowances actually paid, granted or accrued, including trade, quantity and cash discounts and any other adjustments, including those granted on account of price adjustments, billing errors, rejected goods, damaged or defective goods, recalls, returns, rebates, chargeback rebates, reimbursements or similar payments granted or given to wholesalers or other distributors, buying groups, health care insurance carriers, chain pharmacies, mass merchandisers, staff model HMO's, pharmacy benefit managers or other institutions, adjustments arising from consumer discount programs or other similar programs, customs or excise duties, sales tax, consumption tax, value added tax, and other taxes (except income taxes) or duties relating to sales, any payment in respect of sales to the United States government, any state government or any foreign government, or to any other Governmental Authority, or with respect to any government-subsidized program or managed care organization, and freight and insurance (to the extent that Pfizer bears the cost of freight and insurance for the Agreement Product) (the deductions described above are referred to collectively herein as **"Permitted Deductions**"); and

1.78.2. in the event an Agreement T-DART is sold as a Combination Product in any country, the Net Sales of the Combination Product, for the purposes of determining royalty payments, shall be determined by multiplying the Net Sales (as defined above in this Section) of the Combination Product by the fraction, A/(A+B) where A is the weighted (by sales volume) average sale price in such country of the Agreement T-DART when sold separately in finished form, and B is the aggregate weighted average sale price in such country of the other therapeutically active ingredients included in such Combination Product when sold separately in finished form. In the event that such average sale price cannot be determined for both the Agreement T-DART and the other product(s) included in the Combination Product, Net Sales for purposes of determining royalty payments shall be agreed by the Parties based on the relative value contributed by each component, such agreement not to be unreasonably withheld or delayed.

Sales between Pfizer and its Affiliates or Sublicensees shall be excluded from the computation of Net Sales and no payments will be payable on such sales except where such Affiliates or Sublicensees are end users, but Net Sales shall include the subsequent final sales to Third Parties by such Affiliates or Sublicensees. Net Sales shall be determined from books and records maintained in accordance with GAAP, as consistently applied by Pfizer with respect to sales of the Agreement Product. For clarity, in calculating Net Sales, except pursuant to Section 5.4.3, neither Party shall be entitled to deduct any payments to Third Parties by way of royalties or similar payments.

The Parties acknowledge that Pfizer does not currently intend to Commercialize any Agreement Product solely for diagnostic purposes and that the Parties anticipate that any sales of any Agreement Product for diagnostic purposes will occur only in connection with or in support of sales of an Agreement Product for therapeutic purposes. Notwithstanding the foregoing, in the event Pfizer, its Affiliates or Sublicensees Commercialize any Agreement Product for diagnostic purposes, sales of such Agreement Product for diagnostic purposes shall be included in the calculation of Net Sales provided that Pfizer and MacroGenics will negotiate in good faith a reasonable royalty applicable to Net Sales of any such Agreement Product for diagnostic purposes during the applicable Royalty Term, which royalty shall be no greater than the Marginal Royalty Rates otherwise set forth for Agreement Products under this Agreement.

1.79. **"Non-Disclosing Party"** is defined in Section 7.3.2.

1.80. ***

1.81. **"Notice of Dispute"** is defined in Section 11.9.1.

1.82. "**Party**" and "**Parties**" is defined in the introduction to this Agreement.

1.83. "**Passed MacroGenics Antibody**" means any proprietary (to MacroGenics) Research Program Antibody contributed to the Research Program by MacroGenics which the JSC has determined is no longer under Development or consideration for Development under the Research Program.

1.84. "**Patent Rights**" means any and all (a) patents, (b) pending patent applications, including all provisional applications, substitutions, continuations, continuations-in-part, divisions and renewals, and all patents granted thereon, (c) all patents-of-addition, reissues, reexaminations and extensions or restorations by existing or future extension or restoration mechanisms, including patent term extensions, supplementary protection certificates or the equivalent thereof, (d) inventor's certificates, (e) any other form of government-issued right substantially similar to any of the foregoing and (f) all United States and foreign counterparts of any of the foregoing. The Patent Rights owned by either Party include any Patent Right assigned to such party pursuant to the provisions of this Agreement.

1.85. **"Permitted Deduction"** is defined in Section 1.78.1.

1.86. "**Person**" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture or similar entity or organization, including a government or political subdivision or department or agency of a government.

1.87. "**Pfizer**" is defined in the introduction to this Agreement.

1.88. "**Pfizer Collaboration Patent Right**" is defined in Section 9.5.2(e)(i).

1.89. "**Pfizer Diligence Obligations**" means Pfizer's diligence obligations under Sections 3.2.1 and 3.2.2, collectively.

1.90. **"Pfizer Indemnified Party"** is defined in Section 10.3.

1.91. "**Pfizer Know-How**" means any Know-How comprised in the Pfizer Technology, excluding any Joint Know-How.

1.92. "**Pfizer Patent Right**" means any Patent Right comprised in the Pfizer Technology, excluding any Joint Patent Rights.

1.93. "**Pfizer Proprietary Material Improvement**" means all intellectual property rights constituting, comprising or covering any improvement or enhancement to, or any derivative or modification of, or any invention directly related to, any Pfizer Proprietary Material, which improvement, enhancement, derivative, modification or invention is conceived, discovered, invented, developed, created, made or reduced to practice or tangible medium by MacroGenics or any of its Affiliates, solely or jointly with Pfizer or any of its Affiliates, in the course of performing activities under this Agreement. For the avoidance of doubt, Pfizer Proprietary Material Improvement shall not include any Patent Right or Know-How that is directed to T-DARTs and any such Know-How or Patent Right that would otherwise of have been included as a Pfizer Proprietary Material Improvement shall instead be included in Agreement T-DART IP or the Agreement T-DART Patent Rights.

1.94. "**Pfizer Proprietary Materials**" means any and all biological and other materials Controlled by Pfizer and supplied by Pfizer to MacroGenics under this Agreement.

1.95. "**Pfizer Quarter**" means each of the four thirteen week periods (a) with respect to the United States, commencing on January 1 of any Pfizer Year and (b) with respect to any country in the Territory other than the United States, commencing on December 1 of any Pfizer Year.

1.96. "**Pfizer Technology**" means any Patent Right or Know-How that is (a) Controlled by Pfizer or any Affiliate of Pfizer as of the Effective Date or that comes into the Control of Pfizer or any of its Affiliates at any time during the Term and (b) is necessary or useful to Develop, Manufacture or Commercialize Agreement T-DARTs and/or Agreement Products.

1.97. "**Pfizer Year**" means the twelve (12) month fiscal periods observed by Pfizer (a) commencing on January 1 with respect to the United States and (b) commencing on December 1 with respect to any country in the Territory other than the United States.

1.98. "**Phase I Clinical Study**" means a study of an Agreement Product in human subjects or patients with the endpoint of determining initial tolerance, safety, metabolism or pharmacokinetic information and clinical pharmacology of such product as and to the extent defined for the United States in 21 C.F.R. § 312.21(a), or its successor regulation, or the equivalent regulation in any other country. A so-called Phase I/II Clinical Study shall be deemed to be a Phase I Clinical Study unless such study, when completed, allows Pfizer to proceed directly to a Pivotal Study.

1.99. "**Phase II Clinical Study**" means a study of an Agreement Product in human patients to determine the safe and effective dose range in a proposed therapeutic Indication as and to the extent defined for the United Sates in 21 C.F.R. § 312.21(b), or its successor regulation, or the equivalent regulation in any other country.

1.100. "**Phase III Clinical Study**" means a study of an Agreement Product in human patients with a defined dose or a set of defined doses of an Agreement Product designed to (a) ascertain efficacy and safety of such Agreement Product for its intended use; (b) define warnings, precautions and adverse reactions that are associated with the Agreement Product in the dosage range to be prescribed; and (c) support preparing and submitting applications for Regulatory Marketing Approval to the competent Regulatory Authorities in a country of the world, as and to the extent defined for the United States in 21 C.F.R.§ 312.21(c), or its successor regulation, or the equivalent regulation in any other country.

1.101. "**Pivotal Study**" means (a) a Phase III Clinical Study, or (b) a Phase II Clinical Study, or a combination Phase II Clinical Study and Phase III Clinical Study, if Pfizer has determined at the time of first dosing that the data generated in such trial, if successful, will be sufficient, without data from further studies, to support the filing of a Regulatory Marketing Approval Application for an Agreement Product.

1.102. **"Receiving Party**" is defined in Section 7.1.

1.103. "**Regulatory Approval**" means any technical, medical, scientific or other license, registration, authorization or approval of any Regulatory Authority (including any approval of a New Drug Applications or Biologic License Applications) necessary for the Development, Manufacture or Commercialization of a pharmaceutical product in any regulatory jurisdiction.

1.104. "**Regulatory Approval Application**" means any application submitted to an appropriate Regulatory Authority seeking any Regulatory Approval.

1.105. "**Regulatory Authority**" means, with respect to any national, supra-national, regional, state or local regulatory jurisdiction, any agency, department, bureau, commission, council or other governmental entity involved in the granting of a Regulatory Approval for such jurisdiction.

1.106. "**Regulatory Exclusivity**" means the ability to exclude Third Parties from Commercializing an Agreement Product or a Biosimilar Biologic Product with respect to any Agreement Product in a country, either through data exclusivity rights, orphan drug designation, or such other rights conferred by a Regulatory Authority in such country, other than through Patent Rights.

1.107. "**Regulatory Marketing Approval**" means, with respect to any pharmaceutical product and any Indication, Regulatory Approval (including any supplement thereto) to sell such pharmaceutical product for such Indication, including, in any jurisdiction other than the United States, to the extent required for any sale in such country, all pricing and reimbursement approvals to be obtained from the Regulatory Authority granting such Regulatory Approval or any affiliated Regulatory Authority.

1.108. "**Regulatory Marketing Approval Application**" means any Regulatory Approval Application submitted to an appropriate Regulatory Authority seeking any Regulatory Marketing Approval.

1.109. "**Relevant Factors**" means all relevant factors that may affect the Development, Regulatory Approval, Manufacture, or Commercialization of an Agreement Product, including (as applicable): actual and potential issues of safety, efficacy and/or stability; product profile (including product modality, category and mechanism of action); stage of development or life cycle status; actual and projected Development, Regulatory Approval, Manufacturing, and Commercialization costs, timelines and budgets; any issues regarding the ability to Manufacture or have Manufactured the Agreement Product; the likelihood of obtaining Regulatory Approvals (including satisfactory reimbursement or pricing approvals); the timing of such approvals; labeling or anticipated labeling; the then-current competitive environment and the likely competitive environment at the time of projected entry into the market; past performance of the product or similar products; present and future market potential; existing or projected pricing, sales, reimbursement and profitability; proprietary position, strength and duration of patent protection and anticipated exclusivity; other relevant scientific, technical, operational and commercial factors.

1.110. "**Representatives**" is defined in Section 7.2.1.

1.111. "**Research Plan**" is defined in Section 2.3.1.

1.112. "**Research Plan Services**" is defined in Section 2.3.3.

1.113. "**Research Program**" is defined in Section 2.2.

1.114. "**Research Program Antibody**" is defined in Section 2.4.1.

1.115. "**Research Project**" is defined in Section 2.3.1.

1.116. "**Research Project Target**" means a cancer cell Target that has been selected for a Research Project, including the Initial Research Project Targets and any Reserved Target substituted for an existing Research Project Target in accordance with Section 2.1.4.

1.117. "**Research Term**" means the period commencing on the Effective Date and continuing until three (3) years after the Effective Date, or until such later date as may be mutually agreed to by the Parties.

1.118. "**Reserved Target**" means any Target designated as a Reserved Target pursuant to Section 2.1.2 or 2.1.3 of this Agreement, including the Initial Reserved Targets.

1.119. "**Review Period**" is defined in Section 7.3.2.

1.120. "**Royalty Term**" is defined in Section 5.4.2.

1.121. **"Sales Milestone"** is defined in Section 5.3.3.

1.122. **"Sales Milestone Payment"** is defined in Section 5.3.3.

1.123. **"Sales Threshold"** is defined in Section 5.3.3.

1.124. **"SEC"** means the United States Securities and Exchange Commission.

1.125. ***

1.126. "**Second Research Project Target**" is defined in Section 2.1.1.

1.127. **"Selling Person"** is defined in Section 1.78.1.

1.128. **"Senior Executives"** is defined in Section 2.5.5(b).

1.129. **"Sole Invention"** is defined in Section 6.1.1(a).

1.130. **"Sole Know-How"** is defined in Section 6.1.1(a).

1.131. **"Subcontractors"** is defined in Section 2.10.1.

1.132. **"Subcontractor Information"** is defined in Section 2.11.

1.133. "**Sublicensee**" means any Third Party to whom Pfizer grants or has granted, directly or indirectly, a sublicense of rights licensed by MacroGenics to Pfizer under this Agreement, in accordance with the provisions of this Agreement.

1.134. **"Subject Patent Right**" is defined in Section 6.2.1(d).

1.135. "**T-DART**" means a dual affinity re-targeting molecule that binds with one arm to a Target expressed on an immune effector cell ***** ***** and with the second arm to a different Target expressed on another non-immune effector cell.

1.136. "**Target**" means (a) a specific biological molecule that is identified by a GenBank accession number or other public database accession identifier or by its amino acid or nucleic acid sequence; (b) all amino acid and nucleic acid variant forms of any biological molecule disclosed in clause (a), including naturally occurring variants, mutants, transcriptional and post-transcriptional isoforms (e.g., alternative splice variants), and post-translational modification variants (e.g., protein processing, maturation and glycosylation variants); and (c) truncated forms (including fragments thereof) which have a biological function substantially similar to that of any biological molecules disclosed in clause (a) or clause (b).

1.137. "**Target Designation Date**" means, with respect to any Research Project Target or Reserved Target, the date on which a Target becomes a Research Project Target or Reserved Target, as provided in Section 2.1. With respect to the Initial Research Project Targets and the Initial Reserved Targets, the Target Designation Date shall be deemed to be the Effective Date.

1.138. "**Targeting**" means, when used to describe the relationship between a molecule and a Target, that the molecule (a) binds to the Target (or a portion thereof) and (b) is designed or being developed to exert its biological effect in whole or in part through binding to such Target (or such portion thereof).

1.139. **"Technical Milestone"** is defined in Section 5.3.1.

1.140. **"Technical Milestone Payment"** is defined in Section 5.3.1.

1.141. "**Term**" is defined in Section 9.2.

1.142. **"Terminated Agreement Product"** is defined in Section 9.5.1(b).

1.143. "**Terminated T-DART**" is defined in Section 9.5.1.

1.144. "**Territory**" means the entire world.

1.145. "**Third Party**" means any Person other than Pfizer, MacroGenics or their respective Affiliates.

1.146. **"Third Party Claim"** is defined in Section 10.4.1.

1.147. "**Trademark**" means any trademark, trade dress, design, logo, slogan, house mark or name Controlled by Pfizer or its Affiliates or Sublicensees and used in connection with the Commercialization of any Agreement Product by Pfizer or its Affiliates or Sublicensees hereunder, including any registration or application for registration of any of the foregoing. For purposes of clarity, "Trademark" shall not include any trademark, trade dress, design, logo, slogan, house mark or name of MacroGenics, including "MacroGenics" or "DART".

1.148. "**Up-Front Payment**" is defined in Section 5.1.

1.149. "**Valid Claim**" means (a) a claim of any unexpired United States or foreign issued patent that shall not have been dedicated to the public, disclaimed nor held invalid or unenforceable by a court or government agency of competent jurisdiction in an unappealed or unappealable decision or (b) ***

1.150. **Construction**. Except where the context expressly requires otherwise, (a) the use of any gender herein shall be deemed to encompass references to either or both genders, and the use of the singular shall be deemed to include the plural (and vice versa), (b) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation," (c) the word "will" shall be construed to have the same meaning and effect as the word "shall," (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any Person shall be construed to include the Person's successors and assigns, (f) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to sections or exhibits shall be construed to refer to sections or exhibits of this Agreement, and references to this Agreement include all exhibits hereto, (h) the word "notice" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee 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 (but excluding e-mail and instant messaging), (j) 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 or successor law, rule or regulation thereof, (k) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), and (l) the term "or" shall be interpreted in the inclusive sense commonly associated with the term "and/or."

2. RESEARCH PROGRAM.

2.1. Selection of Research Project Targets.

2.1.1. **Selection of Initial Research Project Target.** Pfizer hereby designates *** as the Research Project Target for the first Research Project (the **"First**

Research Project Target") and *** as the Research Project Target for the second Research Project (the **"Second Research Project Target** and together with the First Research Project Target, the "**Initial Research Project Targets**").

2.1.2. **Selection of Initial Reserved Targets**. Pfizer hereby designates *** and *** as the initial reserved targets (**"Initial Reserved Targets"**).

2.1.3. **Substitution of Targets.** Pfizer may request that additional Targets be substituted on a one-for-one basis for the Second Research Project Target or any Reserved Target in accordance with this Section 2.1.3.

(a) At any time within *** following the Effective Date, Pfizer may substitute, without limitation on the number of substitutions and on a one-for-one basis, for the Second Research Project Target and the Reserved Targets.

(b) At any time beginning *** after the Effective Date and continuing until the earlier of (i) ***, and (ii) the allowance by MacroGenics of the second new Target to be substituted for a Reserved Target under this Section 2.1.3(b), Pfizer may request that additional Targets be substituted on a one-for-one basis for any existing Reserved Targets.

(c) MacroGenics will allow such substitutions set forth in (a) and (b), except that it may decline a proposed Target substitution based on (i) ***

2.1.4. **Elevation of Reserved Targets**. At any time in the ******* following the Effective Date, Pfizer may submit a written notice to MacroGenics that up to two Reserved Targets will be substituted for any then-designated Research Project Target on a one-for-one basis. Any such Reserved Target substituted for an existing Research Project Target will then be deemed to be included within the definition of Research Project Target.

2.1.5. **Former Reserved Targets**. Any Reserved Targets shall cease to be a Reserved Target for all purposes under this Agreement (including under Section 4.5) upon the earlier of (a) replacement of such Reserved Target with a new Target in accordance with Section 2.1.3, or *******

2.1.6. **Former Research Project Targets**. Any Research Project Target, to the extent that it has been substituted by a Reserve Target, shall cease to be a Research Project Target for all purposes of this Agreement (including under Section 4.5).

2.2. **Scope and Conduct of the Research Program**. Under the terms and conditions set forth herein, MacroGenics and Pfizer shall collaborate during the Research Term to conduct discovery and pre-clinical Development activities to screen and identify Antibodies to the two (2) Research Project Targets (or the Reserved Targets that become Research Project Targets pursuant to Section 2.1.4) for construction of T-DARTs (the

"**Research Program**"). The Research Program shall be conducted in accordance with the Research Plan for each Research Project (as more fully provided in Section 2.3 below), and each Party shall use its Commercially Reasonable Efforts to perform all activities assigned to it and fulfill all of its obligations under each Research Plan. In addition, each Party shall conduct its activities under the Research Plan(s) in accordance with Applicable Law. MacroGenics will not, without first providing prior written notice to Pfizer, take any action with respect to conducting the Research Program that would require MacroGenics to make any payments to a Third Party such that any item of information or other intellectual property would be excluded from the definition of "Control" under this Agreement. For avoidance of doubt, upon expiration or termination of the Research Term, the Research Program and all Research Projects shall automatically terminate.

2.3. **Research Plans**.

2.3.1. **Adoption of Research Plans**. The Parties shall adopt a research plan (each a "**Research Plan**") for all activities conducted under the Research Program during the Research Term, including a Research Plan that covers each Research Project Target; a "**Research Project**" shall mean the work to be performed pursuant to such a Research Plan. The form for each Research Plan for each Research Project Target is attached as Exhibit 23.1 The Research Plan for each Research Project Target shall be prepared by the JSC and adopted within ******* after the Target Designation Date for such Research Project Target by the JSC. Each Research Plan shall reference this Agreement and shall be subject to all of the provisions of this Agreement, in addition to the specific details set forth in such Research Plan. To the extent any provisions of a Research Plan conflict or are inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control. Unless otherwise expressly stated in a Research Plan, the provisions of each Research Plan shall be independent of and shall not affect the provisions of any other Research Plan. If the Parties are unable to agree on a Research Plan within the specified time period, the JSC may specify the Research Plan, and all disputes regarding the preparation or modification of any Research Plan (including the approval of any amendments thereto) shall be resolved by the JSC.

2.3.2. **Researchers**. During the ******* of the Research Term the Parties will dedicate ******* to the Research Program and this number cannot be changed without agreement of the Parties. The Parties currently expect to dedicate an average of ******* to the Research Program for the remainder of the Research Term. The number of FTEs will be reviewed by the JSC on a semi-annual basis and may be updated as necessary by the JSC.

2.3.3. **Responsibilities**. Each Research Plan shall set forth the services and the obligations and responsibilities assigned to each Party (collectively the "**Research Plan Services**"), and shall include the following minimum terms:

(a) For each Research Project, one or both of the Parties shall generate or provide Antibodies that bind to the Research Project Target for such Research Project.

(b) In accordance with Section 2.4, Pfizer shall be entitled to select up to ******* Antibodies to be investigated by MacroGenics for possible construction of a T-DART to the extent Antibodies are generated under a Research Plan.

(c) MacroGenics will investigate each Antibody selected by Pfizer in accordance with the applicable Research Plan.

(d) MacroGenics will support the *******

(e) Pfizer will support additional in vivo modeling, completion of IND-enabling studies, clinical Development, GMP-Manufacturing, and Commercialization.

(f) The Parties may jointly decide to expand MacroGenics's research and Development responsibilities to include additional *******

(g) In no event shall MacroGenics be required to commit more than ******* to support the Research Program during any Calendar Year during the Research Term.

2.4. **Research Program Antibodies and Passed MacroGenics Antibodies**.

2.4.1. For each Research Project Target and prior to initiation of in vivo modeling (as defined in the related Technical Milestone under Section 5.3.1) for such Research Project Target, Pfizer may identify in writing to MacroGenics up to ******* Antibodies which Pfizer intends to evaluate for the relevant Research Project (each a "**Research Program Antibody**").

2.4.2. Upon MacroGenics's request, the JSC will promptly determine whether any proprietary (to MacroGenics) Research Program Antibody contributed to the Research Program by MacroGenics is no longer under Development or consideration for Development under the Research Program and has become a Passed MacroGenics Antibody.

2.4.3. Other than as set forth in the Research Plan for the Initial Research Project Target that is attached as Exhibit 2.3.1 or as subsequently agreed by the Parties and set forth in a Research Plan, MacroGenics shall have no obligation to provide Pfizer with any Antibodies developed or acquired by MacroGenics outside of this Agreement.

2.5. **Governance of the Research Program**.

2.5.1. **Formation of the Joint Steering Committee**. MacroGenics and Pfizer shall establish a "**Joint Steering Committee**" (or "**JSC**") to oversee and coordinate the activities of the Parties under this Agreement in regard to the Research Program. The Joint Steering Committee shall also serve as a forum to facilitate communications between the Parties regarding the Research Program. The Joint Steering Committee shall be comprised of three (3) representatives from each Party as appointed by such Party. The Joint Steering Committee may change its size from time to time by mutual consent of its members. A Party may replace one or more of its representatives from time to time upon written notice to the other Party. Each Party, respectively, shall designate its initial members of the Joint Steering Committee within thirty (30) days after the Effective Date. The Joint Steering Committee shall exist until expiration of the Research Term, unless the Parties otherwise agree in writing.

2.5.2. **Co-Chairpersons and Secretary of the Joint Steering Committee**. Each Party shall designate a co-chairperson of the Joint Steering Committee and a secretary of the Joint Steering Committee shall be designated in accordance with Section 2.6 below. A Party may change the designation of its co-chairperson from time to time upon written notice to the other Party. The co-chairpersons shall be responsible for scheduling meetings of the Joint Steering Committee, preparing agendas for meetings and sending to all Joint Steering Committee members notices of all regular meetings and agendas for such meetings at least five (5) Business Days before such meetings. The co-chairpersons shall solicit input from both Parties regarding matters to be included on the agenda, and any matter either Party desires to have included on the agenda shall be included for discussion. Nothing herein shall be construed to prohibit the Joint Steering Committee from discussing or acting on matters not included on the applicable agenda. The secretary shall record the minutes of the meeting, circulate copies of meeting minutes to the Parties and each Joint Steering Committee member promptly following the meeting for review, comment and approval by the Joint Steering Committee members and finalize approved meeting minutes. The co-chairpersons shall be members of the Joint Steering Committee but the secretary need not be a member of the Joint Steering Committee.

2.5.3. **Meetings**. The Joint Steering Committee shall meet at least once each Calendar Quarter until it has been terminated in accordance with Section 2.5.1 at dates and times mutually agreed by the Joint Steering Committee, unless otherwise mutually agreed by the Parties. The initial meeting of the Joint Steering Committee shall be held within ninety (90) days after the Effective Date. Either Party may call a special meeting of the Joint Steering Committee on fifteen (15) days prior written notice to the other Party's members of the Joint Steering Committee (or upon such shorter notice as exigent circumstances may require). Such written notice shall include an agenda for the special meeting. In-person meetings, including special meetings, of the Joint Steering Committee shall alternate between the offices of the Parties, unless otherwise agreed upon by the members of the Joint Steering Committee. Meetings of the Joint Steering

Committee may be held telephonically or by video conference; provided, however, that at least two (2) meetings per year shall be held in-person. Meetings of the Joint Steering Committee shall be effective only if at least one representative of each Party is in attendance or participating in the meeting. Members of the Joint Steering Committee shall have the right to participate in and vote at meetings held by telephone or video conference. In addition, the Joint Steering Committee may act on any matter or issue without a meeting if it is documented in a written consent signed by each member of the Joint Steering Committee.

2.5.4. **Responsibilities of the Joint Steering Committee**. The JSC shall be responsible for (a) planning and supervising research and development under this Agreement, including establishing, reviewing and recommending modifications and updates to the Research Plans; (b) receiving and reviewing all data and other information obtained by either Party in connection with the Research Program and monitoring and reporting to the Parties on activities conducted pursuant to the Research Plans; (c) documenting and approving initiation and completion of each Research Project and the achievement of any Technical Milestones, Development Milestones and Sales Milestones; (d) evaluating FTE requirements for the performance of the Research Plans; and (e) such other functions as expressly specified hereunder or as agreed by the Parties.

2.5.5. **Decisions by Consensus**.

(a) All decisions of the Joint Steering Committee shall be made by unanimous agreement of both Parties' representatives, with each Party having a single vote, irrespective of the number of JSC representatives in attendance at a meeting.

(b) If, in accordance with Section 2.5.5(a), the JSC does not resolve any matter within its purview by it within ******* after the matter is first considered by it, the matter may be referred by either Party to MacroGenics's ******* to be resolved by negotiation in good faith as soon as practicable but in no event later than ******* after referral. Such resolution, if any, of a referred issue by the ******* shall be final and binding on the Parties.

(c) If a dispute referred to the ******* has not been resolved in accordance with Section 2.5.5(b), then, subject to Section 2.5.5(d), *******. Any decisions made by Pfizer under this Section 2.5.5(c) shall be deemed a decision of the JSC for purposes of this Agreement.

(d) Notwithstanding Section 2.5.5(c), ******* shall not have the right to exercise such decision-making authority (i) in a manner that excuses ******* from any of its obligations specifically enumerated under this Agreement; (ii) in a manner that negates any consent rights or other rights specifically allocated to MacroGenics under this Agreement; (iii) to resolve any

dispute regarding whether a Technical Milestone, Development Milestone or Sales Milestone has been achieved; (iv) in a manner that would require *** (A) *** will not reimburse *** costs (except as expressly set forth in this Agreement); (B) which would require *** to perform a category of services not previously contemplated as being performed by *** under the Research Program and which *** does not have the existing capability to perform; or (C) which require *** to acquire from any Third Party any Know-How, Patent Right or other technology not contemplated in a Research Plan and that is not readily available from such Third Party or readily capable of being developed internally by ***; or (vi) in a manner that would require *** to perform any act that it reasonably believes to be inconsistent with any Applicable Law or any approval, order, policy, guidelines of a Regulatory Authority or ethical requirements or ethical guidelines.

2.6. **Alliance Managers**. In addition to the foregoing governance provisions, each of the Parties shall appoint a single individual to serve as that Party's alliance manager ("**Alliance Manager**"). The role of each Alliance Manager shall be to facilitate the relationship between the Parties as established by this Agreement. The Alliance Managers shall attend meetings of the Joint Steering Committee and support the respective co-chairpersons of such committee in the discharge of their responsibilities. Unless otherwise determined by the Joint Steering Committee, Pfizer's Alliance Manager shall serve as secretary at each meeting of the Joint Steering Committee. Alliance Managers shall be non-voting participants in such committee meetings. A Party may replace its Alliance Manager from time to time upon written notice to the other Party.

2.7. **Conformance with Law**. Each Party shall perform and discharge its obligations under this Agreement and the Research Program in conformance with (a) professional standards and practices, (b) this Agreement and the Research Plan(s) and (c) all Applicable Laws. Without limiting the generality of the foregoing, each Party shall retain all records relating to its performance of this Agreement and the Research Plan(s) for the time periods required by Applicable Laws.

2.8. **MacroGenics Personnel Matters**. MacroGenics acknowledges and agrees that it is solely responsible for the compensation of the personnel assigned to the Research Plan Services, and as employer shall be responsible for withholding all national, state, local or other applicable taxes and similar items. MacroGenics also shall be responsible for all other employer related obligations, including providing appropriate insurance coverage and employee benefits, and making all other deductions required by law affecting the gross wages of each employee. MacroGenics personnel assigned to the Research Plan Services are not nor shall they be deemed to be employees of Pfizer.

2.9. **Debarment Certification**. Neither Party nor any Person employed or retained to perform services by either Party has been debarred under Section 306(a) or (b) of the FD&C Act or any comparable provision of foreign law and no debarred Person shall in the future be employed or retained to perform services by either Party in connection with

any work to be performed for or on behalf of the other Party. If, at any time after execution of this Agreement, either Party becomes aware that such Party or any Person employed or retained to perform services by such Party in connection with any work performed for or on behalf of such Party is, or is in the process of being, debarred, such Party shall so notify the other Party immediately.

2.10. **Subcontractors**.

2.10.1. MacroGenics may not engage any contractor, subcontractor or other vendor (a "Subcontractor") to perform any Research Plan Services or Research Program activities not specifically contemplated or set forth in the applicable Research Plan without Pfizer's prior written consent; provided, however, that Pfizer hereby provides its prior written consent to MacroGenics's engagement of the Subcontractors set forth on Schedule 2.10 attached hereto for performance of the Research Plan Services set forth on such Schedule 2.10. MacroGenics shall be responsible for the management of all permitted Subcontractors. The engagement by MacroGenics of any Subcontractor in compliance with this Section 2.10 shall not relieve MacroGenics of its obligations under this Agreement or any applicable Research Plan. Any agreement between MacroGenics and a permitted Subcontractor pertaining to the Research Plan Services shall be consistent with the provisions of this Agreement. Furthermore, unless otherwise agreed by Pfizer in writing, prior to or at the time of engagement of any Subcontractor to perform any obligations hereunder, MacroGenics shall cause such Subcontractor to agree in writing to be bound by substantially equivalent obligations of confidentiality and use of proprietary materials as those in this Agreement.

2.10.2. ***

2.11. **Inspections**. Pfizer authorized representative(s), and Regulatory Authorities to the extent required by law and applicable to the scope of the Research Plan Services performed, may, during regular business hours and, to the extent legally possible, at times arranged in advance with MacroGenics, audit, inspect and copy all data, records and work products, and audit and inspect all facilities, relating to the Research Plan Services and MacroGenics's performance under this Agreement and the applicable Research Plan(s) (including all data, records, work products and facilities of Subcontractors); provided, however, that MacroGenics may limit the scope of any such audit or inspection to prevent the disclosure of confidential information of MacroGenics or the disclosure of confidential information of MacroGenics's Subcontractors ("**Subcontractor Information**"), unless such confidential information or Subcontractor Information is directly related to the performance of the Research Plan Services and the disclosure is required for purposes of the audit or inspection.

2.12. **Records**. Each Party shall prepare, maintain and retain complete and accurate written records, accounts, notes, reports and data of the Research Plan Services and its performance under this Agreement and the Research Plan(s), in a form and of quality reasonably acceptable to both Parties. All such information generated by MacroGenics

shall be treated as Confidential Information of both Parties for the purpose of this Agreement and all such information generated by Pfizer shall be treated as Confidential Information of Pfizer for the purposes of this Agreement.

2.13. **Transfer and Use of Pfizer Proprietary Materials**.

2.13.1. **Transfer**. From time to time, pursuant to a Research Plan, or otherwise, Pfizer may provide MacroGenics with Pfizer Proprietary Materials. Pfizer represents and warrants to MacroGenics that Pfizer has the right to provide the Pfizer Proprietary Materials to MacroGenics for the uses authorized herein. Except as expressly set forth in the preceding sentence, the Pfizer Proprietary Materials are provided by Pfizer on an "as-is" basis without representation or warranty of any type, express or implied, including any representation or warranty of merchantability, non-infringement, title or fitness for a particular purpose, each of which is hereby disclaimed by Pfizer.

2.13.2. **Use of Pfizer Proprietary Materials**. MacroGenics shall use the Pfizer Proprietary Materials solely in connection with conducting the specific activities under this Agreement for which such Pfizer Proprietary Materials are provided to MacroGenics, including, if applicable, the provisions of any specific Research Plan under which such Pfizer Proprietary Materials are provided, and for no other purpose. Without limiting the generality of the foregoing, except as expressly set forth in this Agreement or in any applicable Research Plan, MacroGenics shall not make or attempt to make analogues, progeny or derivatives of, or modifications to, the Pfizer Proprietary Materials and MacroGenics shall not use the Pfizer Proprietary Materials for the benefit of any Third Party or of its own internal research programs outside of the Research Program. MacroGenics shall not administer any of the Pfizer Proprietary Materials to any human. MacroGenics shall comply with all Applicable Laws regarding the handling and use of the Pfizer Proprietary Materials. MacroGenics agrees to retain possession over the Pfizer Proprietary Materials and not to provide the Pfizer Proprietary Materials to any Third Party without Pfizer's prior written consent, except as required to perform the Research Program.

2.13.3. **Unauthorized Use of Materials**. In the event that MacroGenics uses the Pfizer Proprietary Materials for any purpose other than the purposes authorized herein, the results of such unauthorized research, and any discoveries or inventions that arise from such unauthorized research, whether patentable or not, shall belong solely and exclusively to Pfizer. If required in order to perfect or enforce Pfizer's rights to such results, discoveries or inventions, MacroGenics hereby assigns and agrees to assign to Pfizer all of its right, title and interest in and to all such results, discoveries or inventions. MacroGenics agrees to cooperate with Pfizer, and to execute and deliver any and all documents that Pfizer deems reasonably necessary, to perfect and enforce its rights hereunder.

2.13.4. **Title to Pfizer Proprietary Materials**. All right, title and interest in the Pfizer Proprietary Materials shall remain the sole property of Pfizer notwithstanding the transfer to and use by MacroGenics of the same.

2.13.5. **Return of Pfizer Proprietary Materials**. Upon completion of the activities for which the Pfizer Proprietary Materials have been provided, or upon expiration or termination of this Agreement or the applicable Research Plan, if earlier, MacroGenics shall, at Pfizer's option and expense, either destroy or return to Pfizer all unused Pfizer Proprietary Materials.

2.13.6. **Assignment**. MacroGenics hereby assigns to Pfizer all of MacroGenics's right, title and interest in and to any Pfizer Proprietary Material Improvements. During and after the Term, MacroGenics shall promptly notify Pfizer of any Pfizer Proprietary Material Improvement developed by MacroGenics and shall cooperate fully in obtaining patent and other proprietary protection for such Pfizer Proprietary Material Improvement. Such protection shall be obtained in the name of Pfizer and at Pfizer's cost and expense, and MacroGenics, without limitation, shall execute and deliver all requested applications, assignments and other documents, and take such other measures, as Pfizer shall reasonably request, in order to perfect and enforce Pfizer's rights in any Pfizer Proprietary Material Improvement. MacroGenics appoints Pfizer its attorney to execute and deliver any such documents and take such actions on MacroGenics's behalf in the event MacroGenics fails to do so.

3. PRODUCT DEVELOPMENT, MANUFACTURING, COMMERCIALIZATION AND REGULATORY MATTERS.

3.1. **General**. Except as expressly set forth in Section 2, Pfizer shall have sole authority over and control of the Development, Manufacture and Commercialization of Agreement Products.

3.2. **Diligence**.

3.2.1. **Development Diligence**. Pfizer will use Commercially Reasonable Efforts to Develop (including to seek Regulatory Approval for) each Agreement Product in at least one Indication in the *******: (i) *******. Pfizer may determine in its sole discretion the order in which it seeks any such Regulatory Approval. Pfizer will have no other diligence obligations with respect to the Development (including to seek Regulatory Approval of) of Agreement Products under this Agreement. For the avoidance of doubt, any actions taken by Pfizer's Affiliates or Sublicensees under this Agreement shall be treated as actions taken by Pfizer in regard to satisfaction of the requirements of this Section 3.2.

3.2.2. **Commercial Diligence**. Pfizer will use Commercially Reasonable Efforts to Commercialize a given Agreement Product in each Major Market Country in the Field in the Territory where Pfizer or its Affiliates have received Regulatory

Approval for such Agreement Product. Pfizer will have no other diligence obligations with respect to the Commercialization of Agreement Products under this Agreement.

3.2.3. **Exceptions to Diligence Obligations**. Notwithstanding any provision of this Agreement to the contrary, Pfizer will be relieved from and will have no obligation to undertake any efforts with respect to any Pfizer Diligence Obligation in the event that:

(a) Pfizer or MacroGenics receives or generates any safety, tolerability or other data reasonably indicating, as measured by Pfizer's safety and efficacy evaluation criteria and methodology, or signaling that an Agreement Product has or would have an unacceptable risk-benefit profile or is otherwise not reasonably suitable for initiation or continuation of clinical trials in humans; or

(b) Pfizer or MacroGenics receive any notice, information or correspondence from any applicable Regulatory Authority, or any applicable Regulatory Authority takes any action, that reasonably indicates that an Agreement Product is unlikely to receive Regulatory Approval.

3.2.4. **Assertion of Pfizer Diligence Obligation Claims**. If MacroGenics becomes aware of facts that might form a reasonable basis to allege that Pfizer has failed to meet any Pfizer Diligence Obligation, then MacroGenics will notify Pfizer in writing of such potential alleged performance failure (each such potential alleged performance failure, a "**Diligence Issue**"). Promptly upon Pfizer's receipt of any notice of a Diligence Issue pursuant to this Section 3.2.3, the Pfizer Alliance Manager will contact the MacroGenics Alliance Manager to discuss the specific nature of such Diligence Issue and seek to identify an appropriate corrective course of action. If, no later than thirty (30) days after Pfizer's receipt of such a notice, (a) the Parties have not reached consensus regarding whether Pfizer has failed to satisfy the Pfizer Diligence Obligations and (b) the Parties' respective Alliance Managers have not agreed upon an appropriate corrective course of action for such Diligence Issue, then such Diligence Issue will be escalated and resolved pursuant to the dispute resolution provisions set forth in Section 11.9. Failure by MacroGenics to provide notice of a Diligence Issue pursuant to this Section 3.2.4 shall not result in a waiver by MacroGenics of its rights under Section 3.2.5 of this Agreement.

3.2.5. **Remedies for Breach of Pfizer Diligence Obligations**. If Pfizer materially breaches any Pfizer Diligence Obligation and fails to remedy such breach within ******* of Pfizer's receipt of notice of such breach from MacroGenics, then MacroGenics may, in its sole discretion, elect to either (a) terminate this Agreement with the effects of the provisions of Section 9.5.2 on an Agreement Product-by-Agreement Product and country-by-country basis, but only to the

extent that an Agreement Product in a given country in the Territory is directly and adversely impacted by such uncured material breach, or (b) convert any exclusive licenses granted to Pfizer under this Agreement with respect to an Agreement Product in a given country in the Territory into non-exclusive licenses, but only to the extent that such Agreement Product in such country is directly and adversely impacted by such uncured material breach. In the event MacroGenics elects Section 3.2.5(b) as a remedy to address a Diligence Issue, Pfizer shall continue to have the same obligations to pay all milestones, FTE costs and Net Sales royalties for each Agreement T-DART and Agreement Product affected by MacroGenics election. MacroGenics acknowledges and agrees that the elections set forth in this Section 3.2.5 (i) have been negotiated by the Parties to fully address any harm that MacroGenics may incur as a result of Pfizer's material breach of any Pfizer Diligence Obligation and (ii) constitute MacroGenics's sole and exclusive remedies with respect to any breach by Pfizer of the Pfizer Diligence Obligations.

3.3. **Regulatory Approvals**. Pfizer or its designated Affiliate(s) shall file, in its own name, all Regulatory Approval applications for Agreement Products where, subject to the Pfizer Diligence Obligations, Pfizer, in its sole discretion, determines it is commercially advantageous to do so. Pfizer, or its designated Affiliate(s), shall have the sole responsibility for, and sole authority with respect to, communications with any Regulatory Authority regarding any Regulatory Approval application or any Regulatory Approval for an Agreement Product once granted. Except to the extent necessary to fulfill its obligations under Section 3.2.1, neither Pfizer nor any of its Affiliates shall have any obligation to seek Regulatory Approval for any Agreement Product.

3.4. **Control of Commercialization Activities**.

3.4.1. **General**. Subject to the Pfizer Diligence Obligations, Pfizer shall have sole and exclusive control over all matters relating to the Commercialization of Agreement Products.

3.4.2. **Branding**. Pfizer shall select and own all Trademarks, including all goodwill associated therewith. Neither MacroGenics nor its Affiliates shall use or seek to register, anywhere in the world, any trademarks which are confusingly similar to any Trademarks.

3.5. **Manufacturing**. Subject to Section 2.3.3(f), Pfizer shall have the exclusive right to Manufacture Agreement Products itself or through one or more Affiliates or Third Parties selected by Pfizer. Pfizer shall have no diligence obligations with respect to the Manufacture of Agreement Products except to the extent necessary to fulfill the Pfizer Diligence Obligations.

3.6. **Progress Reporting**. Pfizer shall provide MacroGenics with semi-annual written reports on Pfizer's activities to Develop and Commercialize Agreement Products. Any information or written report provided by Pfizer to MacroGenics pursuant to this Section 3.6

shall be deemed to be Pfizer's Confidential Information subject to the provisions of Section 7. MacroGenics shall have the opportunity to reasonably seek further explanation or clarification of matters covered in such reports, and Pfizer shall provide such explanation or clarification. Furthermore, if after receiving such a report MacroGenics wishes to meet with Pfizer to discuss such report, Pfizer shall meet (in person or via teleconference) with MacroGenics at a site reasonably requested by MacroGenics within thirty (30) days after MacroGenics requests such meeting.

4. LICENSES AND RELATED GRANTS OF RIGHTS.

4.1. **Grants to Pfizer**.

4.1.1. **Research License**. Subject to the terms and conditions of this Agreement and during the Research Term, MacroGenics hereby grants to Pfizer a non-exclusive, worldwide, royalty-free license under the MacroGenics Technology to (a) use, have used, make and have made any T-DART directed to any Research Project Target for any and all uses in the Field, (b) conduct preclinical studies in vitro and in vivo in any non-human species with any T-DART directed to the Research Project Target for any and all uses in the Field and (c) otherwise perform the activities assigned to Pfizer under the Research Plans. The foregoing license shall be sublicenseable by Pfizer as provided in Section 4.1.4.

4.1.2. **Assignment of Agreement T-DART IP**. MacroGenics shall assign and hereby does assign to Pfizer all of MacroGenics's and its Affiliates' right, title and interest in and to the Agreement T-DART IP (including the right in and to any data, writings (irrespective of whether in written or electronic form) and information (tangible and intangible) covering the foregoing). MacroGenics shall execute, and cause its employees, agents and subcontractors to execute (directly or through assignment to MacroGenics and assignment by MacroGenics to Pfizer), assignments to Pfizer of all right, title and interest in and to any such Agreement T-DART IP. Subject to the terms of Section 9.5.2(a) and Section 9.5.2(b), any Agreement T-DART IP shall be the sole and exclusive property of Pfizer and shall constitute Confidential Information of Pfizer. MacroGenics will cooperate with Pfizer to execute and deliver any and all documents that Pfizer deems reasonably necessary to perfect and enforce Pfizer's rights under this Section 4.1.2. Pfizer shall not grant any license under or other right with respect to any rights in any Agreement T-DART IP subject to potential reassignment to MacroGenics under Section 9.5.2 , that would prevent, survive or be otherwise inconsistent with the reassignment of such Agreement T-DART IP to MacroGenics if required by Section 9.5.2 free and clear of any such license or other right and shall take no action with respect to any other Agreement T-DART IP that is inconsistent with Pfizer's obligations under Section 9.5.2.

4.1.3. **Exclusive License**. Subject to the terms and conditions of this Agreement and effective on the Effective Date, MacroGenics hereby grants to Pfizer an exclusive (even as to MacroGenics, except to the extent necessary for

MacroGenics to perform its obligations under the Research Program), license under the MacroGenics Technology and MacroGenics's interest in the Joint Technology to use, have used, Develop, have Developed, Manufacture, have Manufactured, Commercialize, have Commercialized, import, have imported, export and have exported Agreement T-DARTs and Agreement Products in the Territory for use in the Field, with the right to sublicense as provided in Section 4.1.4.

4.1.4. **Right to Sublicense**. Pfizer shall have the right to grant sublicenses under the licenses granted to it (a) under Section 4.1.1 and 4.1.3 . to Affiliates of Pfizer at any time, and (b) (i) under Section 4.1.1 to Third Party contractors solely for the provision of services to Pfizer in connection with the performance of activities assigned to Pfizer under the Research Plans; and (ii) under Section 4.1.3 to Third Parties; provided that any sublicense granted to a Third Party under this Agreement shall be pursuant to a written agreement that subjects such sublicensee to all relevant restrictions and limitations set forth in this Agreement. Pfizer shall provide MacroGenics notice of any Third Party sublicense within ******* after the execution thereof, including the name and address of each permitted sublicensee, the date of the grant of the sublicense and a description of the rights granted. Pfizer shall be jointly and severally responsible with its sublicensees to MacroGenics for failure by its sublicensees to comply with, and Pfizer guarantees the compliance by each of its sublicensees with, all such applicable restrictions and limitations in accordance with the terms and conditions of this Agreement. Pfizer shall remain responsible for the payment to MacroGenics of all Sales Milestones and royalties payable with respect to Net Sales made by any of Pfizer's Affiliates and Sublicensees.

4.1.5. **Direct License to Affiliates**. Pfizer may at any time request and authorize MacroGenics to grant licenses directly to Affiliates of Pfizer by giving written notice designating to which Affiliate a direct license is to be granted. Upon receipt of any such notice, MacroGenics shall enter into and sign a separate direct license agreement with such designated Affiliate of Pfizer. All such direct license agreements shall be consistent with the terms and conditions of this Agreement, except for such modifications as may be required by the laws and regulations in the country in which the direct license will be exercised. The Parties further agree to make any amendments to this Agreement that are necessary to conform the combined terms of such direct license agreements and this Agreement to the terms of this Agreement as set forth on the Effective Date. In countries where the validity of such direct license agreements requires prior governmental approval or registration, such direct license agreements shall not become binding between the parties thereto until such approval or registration is granted, which approval or registration shall be obtained by Pfizer. All costs of making such direct license agreement(s), including MacroGenics's reasonable attorneys' fees, under this Section 4.1.5 shall be borne by Pfizer.

4.1.6. **Right of Reference**. To the extent that MacroGenics does not breach any contractual obligations it has with Third Parties, MacroGenics hereby grants to Pfizer a "Right of Reference," as that term is defined in 21 C.F.R. § 314.3(b), to any data Controlled by MacroGenics or its Affiliates (a) that relates to the Agreement T-DARTS, the Agreement Products or preclinical studies with respect to the Agreement Products and (b) that Pfizer reasonably believes may be necessary or useful to the Development, Manufacturing or Commercialization of any Agreement T-DART or any Agreement Product pursuant to this Agreement, and MacroGenics will provide a signed statement to the foregoing effect, if so requested by Pfizer in accordance with 21 C.F.R. § 314.50(g)(3).

4.2. **Grants to MacroGenics**.

4.2.1. **Research License**. Subject to the terms and conditions of this Agreement and during the Research Term, Pfizer hereby grants to MacroGenics a non-exclusive, worldwide, royalty-free license under the Pfizer Technology solely to the extent necessary to conduct activities assigned to MacroGenics under the Research Plan, with the right to sublicense as provided in Section 4.2.1(a).

(a) **Right to Sublicense**. MacroGenics may sublicense the foregoing license but only to any one or more of MacroGenics' Affiliates or subcontractors.

4.2.2. **Grant Back License with Respect to Agreement T-DART IP Assigned to Pfizer**. Subject to the terms and conditions of this Agreement, Pfizer hereby grants to MacroGenics a non-exclusive, worldwide, royalty-free license under the Agreement T-DART IP and the Agreement T-DART Patent Rights to use, have used, Develop, have Developed, Manufacture, have Manufactured, Commercialize, have Commercialized, import, have imported, export and have exported any T-DART or other bi-specific targeting molecule (other than (a) any T-DART Targeting any Research Project Target or any Reserved Target or (b) any other bi-specific targeting molecule that consists of or comprises any Research Program Antibody (other than a Passed MacroGenics Antibody) Targeting any Research Project Target or any Reserved Target), either alone or as part of any pharmaceutical or other product, with the right to sublicense.

4.3. **Reciprocal Non-Exclusive Research License for Disclosed Know-How and Confidential Information**. Without limiting any other license granted to either Party under this Agreement:

4.3.1. MacroGenics hereby grants to Pfizer and Pfizer's Affiliates a non-exclusive, irrevocable, perpetual, royalty-free, fully paid-up, worldwide license to use any and all MacroGenics Know-How or MacroGenics Confidential Information disclosed to Pfizer during the Term solely for internal research purposes.

4.3.2. Pfizer hereby grants to MacroGenics and MacroGenics Affiliates a non-exclusive, irrevocable, perpetual, royalty-free, fully paid-up, worldwide license to use any and all Pfizer Know-How or Pfizer Confidential Information (other than any information regarding the identity of or Pfizer's reasons for selecting any Research Project Target or Reserved Target, which shall only be disclosed by MacroGenics to MacroGenics personnel as necessary to comply with the terms of this Agreement) disclosed to MacroGenics during the Term solely for internal research purposes.

4.3.3. Notwithstanding the foregoing, neither Pfizer nor MacroGenics shall have any right under this Section 4.3 to make any use of any physical material supplied by the other Party for use in the Research Program other than for use in the Research Program.

4.4. **Retained Rights to Antibodies**. For the avoidance of doubt, except as expressly provided in regard to the assignments and licenses contained in this Section 4, neither Party will have any rights in the other Party's Antibodies and each Party will retain ownership of all of its Pfizer Technology, MacroGenics Technology or Joint Technology, as applicable, covering any Antibody that such Party contributes to the collaboration.

4.5. **Exclusivity**.

4.5.1. **Exclusivity Covenant**. During the Research Term and for ******* after the Research Term, except to the extent required for MacroGenics to fulfill its obligations under this Agreement, neither MacroGenics nor any of its Affiliates will (i) (either directly or with or through a Third Party) Develop, Manufacture or Commercialize any T-DART or Research Program Antibody (other than a Passed MacroGenics Antibody) Targeting any Research Project Target or any Reserved Target or (ii) license or otherwise grant any right to any Third Party to Develop, Manufacture or Commercialize any T-DART or Research Program Antibody (other than a Passed MacroGenics Antibody) Targeting any Research Project Target or any Reserved Target.

4.5.2. **Other Pfizer Programs**. MacroGenics understands and acknowledges that Pfizer may have present or future initiatives or opportunities, including initiatives or opportunities with its Affiliates or Third Parties, involving similar products, programs, technologies or processes that are similar to or that may compete with a product, program, technology or process covered by this Agreement. MacroGenics acknowledges and agrees that nothing in this Agreement will be construed as a representation, warranty, covenant or inference that Pfizer will not itself Develop, Manufacture or Commercialize or enter into business relationships with one or more of its Affiliates or Third Parties to Develop, Manufacture or Commercialize products, programs, technologies or processes that are similar to or that may compete with any product, program, technology or process covered by this Agreement.

4.6. **Section 365(n) of Bankruptcy Code**. All rights and licenses now or hereinafter granted by a Party to the other Party under or pursuant to any section of this Agreement, including Sections 4.1.1 , 4.1.3, 4.2.1 and 4.2.2 are rights to "intellectual property" (as defined in Section 101(35A) of Title 11 of the United States Code, as amended (such Title 11, the "**Bankruptcy Code**")). The Parties hereto acknowledge and agree that the payments provided for under Sections 5.1, 5.2 and 5.3 and all other payments by Pfizer to MacroGenics under this Agreement, other than royalty payments pursuant to Section 5.4, do not constitute royalties within the meaning of Section 365(n) of the Bankruptcy Code or relate to licenses of intellectual property under this Agreement.

4.7. **No Implied Rights**. Except as expressly provided in this Agreement, neither Party shall be deemed by estoppel, implication or otherwise, to have granted the other Party any license or other right with respect to any intellectual property of such Party.

5. PAYMENTS TO MACROGENICS.

5.1. **Upfront License Payment**. Within ******* days after the Effective Date, Pfizer shall pay to MacroGenics the non-creditable, non-refundable amount of Five Million Dollars ($5,000,000) (the "**Up-Front Payment**").

5.2. **Research Support Funding**.

5.2.1. **FTE Reimbursement**. During the Research Term, Pfizer shall reimburse MacroGenics for the costs of the FTEs for the Research Program at the FTE Rate per FTE per Calendar Year. *******

5.2.2. **Out-of-Pocket Expenses**. During the Research Term, Pfizer shall reimburse MacroGenics's out-of-pocket costs incurred by MacroGenics and paid to Third Parties in connection with executing the Research Plans, but only to the extent contemplated in the Research Plans or otherwise approved by Pfizer in advance in writing.

5.2.3. **Other Expenses**. Except as expressly set forth in Section 5.2.1 and Section 5.2.2, MacroGenics shall be solely responsible for all expenses it incurs in performing its obligations under the Research Program.

5.2.4. **Reimbursement Payments**. Pfizer shall reimburse MacroGenics for expenses pursuant to Section 5.2 within ******* days after receipt of an invoice issued by MacroGenics within ******* days after the end of each Calendar Quarter.

5.2.5. **Audit Rights**. During the Research Term and for a period of thirty-six (36) months thereafter, MacroGenics shall keep and maintain accurate and complete records showing the time devoted and activities performed by each FTE in performing MacroGenics's obligations under the Research Program. Upon thirty (30) days prior written notice from Pfizer, MacroGenics shall permit an independent certified public accounting firm of internationally recognized standing selected by Pfizer and reasonably acceptable to MacroGenics, to

examine, at Pfizer's sole expense, the relevant books and records of MacroGenics as may be reasonably necessary to verify the accuracy of the invoices submitted to Pfizer under Section 5.2.4 for the number of FTEs applied to the performance of MacroGenics's obligations under the Research Program. An examination by Pfizer under this Section 5.2.5 shall occur not more than once in any Calendar Year and shall be limited to the pertinent books and records for any Calendar Year ending not more than thirty-six (36) months before the date of the request. Such examination shall be conducted during MacroGenics's normal business hours at MacroGenics's facility(ies) where such books and records are normally kept. MacroGenics may require the accounting firm to sign a standard non-disclosure agreement before providing the accounting firm access to MacroGenics's facilities or records. The accounting firm shall provide both MacroGenics and Pfizer a written report disclosing whether the invoices submitted by MacroGenics are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to Pfizer. If the accounting firm determines the number of FTEs actually utilized by MacroGenics was materially less than the number funded by Pfizer during the period covered by the audit ***, MacroGenics shall, at Pfizer's sole discretion, either (a) refund the excess payments to Pfizer within *** after its receipt of the auditor's report so concluding or (b) immediately offset all such excess payments against any outstanding or future amounts payable by Pfizer to MacroGenics under this Agreement until Pfizer has received full credit for all such overpayments. Additionally, if the amount to be refunded exceeds more than five percent (5%) of the amount that was properly payable, MacroGenics shall reimburse Pfizer for the cost of the audit.

5.2.6. **Underpayments/Overpayments**. If such accounting firm concludes that MacroGenics under-billed Pfizer for such FTEs, Pfizer shall reimburse MacroGenics for such costs within *** after its receipt of the auditor's report.

5.3. **Milestones**

5.3.1. **Technical Milestones**. Pfizer shall pay to MacroGenics the amount set forth below within *** following the first occurrence of each event (each, a "**Technical Milestone**") described below for each Research Project Target, each such amount (a "**Technical Milestone Payment**") to be payable only once with respect to each different Research Project Target regardless of how many Agreement T-DARTs binding to such Research Project Target achieve such Technical Milestone.

Technical Milestone	Technical Milestone Payment
***	***
***	***
***	***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

If the Technical Milestone set forth in Section 5.3.1(c) is achieved prior to the achievement of the Technical Milestone set forth in Section 5.3.1(a) and/or 5.3.1(b), then the unpaid Technical Milestone Payment set forth in Section 5.3.1(a) and/or 5.3.1(b) shall be due and payable simultaneously with the payment for achievement of the milestone set forth in Section 5.3.1(c). For the avoidance of doubt, in the event that the Technical Milestone set forth in Section 5.3.1(b) is achieved prior to the achievement of the Technical Milestone set forth in Section 5.3.1(a), the Technical Milestone Payment set forth in Section 5.3.1(a) shall not be due or payable simultaneously with the Technical Milestone Payment for achievement of the Technical Milestone set forth in Section 5.3.1(b), but instead shall only be due and payable upon achievement of Technical Milestone Payment set forth in Section 5.3.1(a) or Section 5.3.1.(c).

5.3.2. **Development Milestones**. Pfizer shall pay to MacroGenics the amount set forth below within ******* days following the first occurrence of each event (each, a "**Development Milestone**") described below for each Research Project Target, each such amount (a "**Development Milestone Payment**") to be payable only once with respect to each different Research Project Target regardless of how many Agreement T-DARTs binding to such Research Project Target achieve such Development Milestone.

Development Milestone	Development Milestone Payment
***	***
***	***
***	***
***	***
***	***
***	***

If the Development Milestone set forth in Section 5.3.2(b) is achieved prior to the achievement of the milestone set forth in Section 5.3.2(a), then the Development Milestone Payment set forth in Section 5.3.2(a) shall be due and payable simultaneously with the Development Milestone Payment for achievement of the Development Milestone set forth in Section 5.3.2(b); if the Development Milestone set forth in Section 5.3.2(c) is achieved prior to the achievement of the Development Milestone set forth in Section 5.3.2(a) and/or 5.3.2(b), then the unpaid Development Milestone Payment set forth in Section 5.3.2(a) and/or 5.3.2(b) shall be due and payable simultaneously with the payment for achievement of the milestone set forth in Section 5.3.2(c); if the Development Milestone set forth in Section 5.3.2(d), (e) or (f) is achieved prior to the achievement of the Development Milestone set forth in Section 5.3.2(a), 5.3.2(b) and/or 5.3.2(c), then the unpaid Development Milestone Payment set forth in Section 5.3.2(a), 5.3.2(b) and/or 5.3.2(c) shall be due and payable simultaneously with the Development Milestone Payment for achievement of the milestone set forth in Section 5.3.2(d), (e) or (f).

5.3.3. **Sales Milestones**. Pfizer shall pay to MacroGenics the following one-time payments (each, a "**Sales Milestone Payment**") when aggregate Annual Net Sales of all Agreement Product in a Pfizer Year first reach the respective threshold (a "**Sales Threshold**") indicated below (each, a "**Sales Milestone**"):

Total Annual Net Sales	Sales Milestone Payment
Total Annual Net Sales exceeding ***	***
Total Annual Net Sales exceeding ***	***
Total Annual Net Sales exceeding ***	***
Total Annual Net Sales exceeding ***	***

If more than one unmet Sales Threshold is achieved with respect to the same Pfizer Year, payment will be made with respect to the higher or highest Sales Threshold achieved in such Pfizer Year and all other previously unmet Sales Thresholds achieved with respect to such Pfizer Year will remain eligible to be met in future Pfizer Years. Any Sales Milestone Payment shall be payable by Pfizer with respect to any Pfizer Year shall be payable within sixty (60) days of the end of such Pfizer Year in the United States.

5.4. **Royalties**. Subject to the provisions of Section 5.4.3, Pfizer shall pay MacroGenics royalties in the amount of the rates ("**Marginal Royalty Rates**") set forth below of Annual Net Sales of any Agreement Product during the Royalty Term:

Annual Net Sales	Marginal Royalty Rate (% of the Annual Net Sales)
Annual Net Sales of such Agreement Product during a given Pfizer Year above $0, up to and including ***	***
Annual Net Sales of such Agreement Product during a given Pfizer Year above ***, up to and including ***	***
Annual Net Sales of such Agreement Product during a given Pfizer Year above ***, up to and including ***	***
Annual Net Sales of such Agreement Product during a given Pfizer Year above ***	***

5.4.1. **Marginal Royalty Rate Application**. Each Marginal Royalty Rate set forth in the table above shall apply only to that portion of the Annual Net Sales of a given Agreement Product in the Territory during a given Pfizer Year that falls within the indicated range.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

5.4.2. **Royalty Term**. "**Royalty Term**" means, with respect to any Agreement Product and any country in the Territory, the period of time from the First Commercial Sale of such Agreement Product in such country until the later of (a) the expiration of the last Valid Claim included in the MacroGenics Patent Rights or Pfizer Patent Rights covering the use, sale or importation of such Agreement Product in such country, (b) the expiration of any Regulatory Exclusivity for such Agreement Product in such country or (c) the 12th anniversary of the date of the earlier of (i) the First Commercial Sale in such country of such Agreement Product or (ii) the First Commercial Sale in such country of any other Agreement Product Targeting the same Research Project Target targeted by such Agreement Product.

5.4.3. **Royalty Adjustments**. The following adjustments shall be made, on Agreement Product-by-Agreement Agreement Product and country-by-country basis, to the royalties payable pursuant to this Section 5.4:

(a) Generic Competition. Royalties payable following establishment of Generic Competition with respect to the sale by a Third Party of product that is a Biosimilar Biologic Product to such Agreement Product in such country shall be payable at ******* of the otherwise applicable rate prior to application of this Section 5.4.3(a) **"Generic Competition**" means with respect to a given Calendar Year with respect to an Agreement Product in any country, that during such Calendar Year, ******* have received Regulatory Approval to sell in such country a Biosimilar Biologic Product, such Biosimilar Biologic Product shall be commercially available in such country and such Biosimilar Biologic Product shall have, in the aggregate, ******* or more market share of the aggregate of such Agreement Product and Biosimilar Biologic Product (based on data provided by IMS International, or if such data is not available, such other reliable data source as reasonably determined by Pfizer and agreed by MacroGenics (such agreement not to be unreasonably withheld)) as measured by sales. In the event IMS International data (or such other agreed data source) is not sufficient to determine the percentage market share for each country in the EU, the percent market share for the EU countries for which data is not available will be deemed to be the average percent market share for those EU countries in which the data is available. A product shall be a "**Biosimilar Biologic Product**" with respect to an Agreement Product if such product (1) has been licensed as a biosimilar or interchangeable product by FDA pursuant to Section 351(k) of the Public Health Service Act (42 U.S.C. 262(k)), as may be amended, or any subsequent or superseding law, stature or regulation, (2) has been licensed as a similar biological medicinal product by EMEA pursuant to Directive 2001/83/EC, as may be amended, or any subsequent or superseding law, stature or regulation, or (3) has otherwise achieved analogous Regulatory Marketing Approval from another applicable Regulatory Authority.

(b) **Third Party Patents**. If it is necessary for Pfizer to license one or more Patent Rights from one or more Third Parties in order to Develop, Manufacture or Commercialize or use any Agreement Product, whether directly or through any Pfizer Affiliate or Sublicensee, then Pfizer may, in its sole discretion, negotiate and obtain a license under such Patent Right(s) (each such Third Party license referred to herein as an "**Additional Third Party License**"). Any royalty otherwise payable to

MacroGenics under this Agreement with respect to Net Sales of any Agreement Product by Pfizer, its Affiliates or Sublicensees shall be reduced by *** of the royalties payable to Third Parties that are reasonably allocable to Agreement Products pursuant to any Additional Third Party Licenses, such reduction to continue until all such amounts have been expended, provided that in no event shall the total royalty payable to MacroGenics for any Agreement Product be less than *** of the royalty amounts otherwise payable for such Agreement Product.

(c) **No Adjustment for MacroGenics Third Party Agreements**. MacroGenics shall be solely responsible for all obligations (including any royalty or other obligations that relate to the MacroGenics Technology) under its agreements with Third Parties that are in effect as of the Effective Date or that MacroGenics enters into during the Term.

5.4.4. **Fully Paid-Up, Royalty Free License**. After expiration of the Royalty Term for any Agreement Product in a country in the Territory, no further royalties shall be payable in respect of sales of such Agreement Product in such country and thereafter, the license granted to Pfizer under Section 4.1.3 with respect to such Agreement Product in such country shall be a fully paid-up, perpetual, non-exclusive, irrevocable, royalty-free license.

5.5. **Reports and Payments**.

5.5.1. **Cumulative Royalties**. The obligation to pay royalties under Section 5.4 shall be imposed only once with respect to a single unit of an Agreement Product regardless of how many Valid Claims in Patent Rights included within the MacroGenics Patent Rights would, but for this Agreement, be infringed by the use or sale of such Agreement Product in the country in which such Agreement Product is used or sold.

5.5.2. **Royalty Statements and Payments**. Within *** after the end of each Pfizer Quarter, Pfizer shall deliver to MacroGenics a report setting forth for such Calendar Quarter the following information, on an Agreement Product-by-Agreement Product basis: (a) the Net Sales of each Agreement Product, (b) the basis for any adjustments to the royalty payable for the sale of each Agreement Product and (c) the royalty due hereunder for the sale of each Agreement Product. No such reports shall be due for any Agreement Product before the First Commercial Sale of such Agreement Product in the Territory. The total royalty due for the sale of Agreement Products during such Pfizer Quarter shall be remitted at the time such report is delivered to MacroGenics.

5.5.3. **Taxes and Withholding**. It is understood and agreed between the Parties that any payments made this Agreement are inclusive of any value added tax imposed upon such payments. In addition, in the event any of the payments made by Pfizer pursuant to this Agreement become subject to withholding taxes under

the laws of any jurisdiction, Pfizer shall deduct and withhold the amount of such taxes for the account of MacroGenics, to the extent required by law, such amounts payable to MacroGenics shall be reduced by the amount of taxes deducted and withheld, and Pfizer shall pay the amounts of such taxes to the proper Governmental Authority in a timely manner and promptly transmit to MacroGenics an official tax certificate or other evidence of such tax obligations together with proof of payment from the relevant Governmental Authority of all amounts deducted and withheld sufficient to enable MacroGenics to claim such payment of taxes. Any such withholding taxes required under applicable Law to be paid or withheld shall be an expense of, and borne solely by, MacroGenics. Pfizer will provide MacroGenics with reasonable assistance to enable MacroGenics to recover such taxes as permitted by Law.

5.5.4. **Currency**. All amounts payable and calculations hereunder shall be in United States dollars. As applicable, Net Sales and any royalty deductions shall be converted into United States dollars in accordance with Pfizer's customary and usual conversion procedures, consistently applied.

5.5.5. **Additional Provisions Relating to Payments**. MacroGenics acknowledges and agrees that nothing in this Agreement (including any schedules and exhibits hereto) shall be construed as representing an estimate or projection of either (a) the number of Agreement Products that shall or may be successfully Developed or Commercialized or (b) anticipated sales or the actual value of any Agreement Product. PFIZER MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, THAT IT SHALL BE ABLE TO SUCCESSFULLY DEVELOP OR COMMERCIALIZE ANY PRODUCT OR, IF COMMERCIALIZED, THAT IT WILL ACHIEVE ANY PARTICULAR SALES LEVEL OF SUCH PRODUCT(S), PROVIDED THAT THE FOREGOING SHALL NOT LIMIT PFIZER'S OBLIGATIONS UNDER THIS AGREEMENT.

5.6. **Maintenance of Records; Audits**.

5.6.1. **Record Keeping**. Pfizer shall keep, and shall cause its Affiliates and Sublicensees to keep, accurate books of account and records in connection with the sale of Agreement Products, in sufficient detail to permit accurate determination of all figures necessary for verification of royalties to be paid hereunder. Pfizer shall maintain, and shall cause its Affiliates and Sublicensees to maintain, such records for a period of at least three (3) years after the end of the Calendar Year in which they were generated.

5.6.2. **Audits**. Upon thirty (30) days prior written notice from MacroGenics, Pfizer shall permit an independent certified public accounting firm of internationally recognized standing selected by MacroGenics and reasonably acceptable to Pfizer to examine, at MacroGenics's sole expense, the relevant books and records of Pfizer during the period covered by such examination, as

may be reasonably necessary to verify the accuracy of the reports submitted by Pfizer in accordance with Section 5.5 and the payment of royalties hereunder. An examination by MacroGenics under this Section 5.6.2 shall occur not more than once in any Calendar Year and shall be limited to the pertinent books and records for any Calendar Year ending not more than three (3) years before the date of the request. The accounting firm shall be provided access to such books and records at Pfizer's or its Affiliates' facilities where such books and records are kept and such examination shall be conducted during Pfizer's normal business hours. Pfizer may require the accounting firm to sign a standard non-disclosure agreement before providing the accounting firm access to Pfizer's facilities or records. Upon completion of the audit, the accounting firm shall provide both Pfizer and MacroGenics a written report disclosing whether the reports submitted by Pfizer are correct or incorrect, whether the royalties paid are correct or incorrect and, in each case, the specific details concerning any discrepancies. No other information shall be provided to MacroGenics.

5.6.3. **Underpayments/Overpayments**. If such accounting firm concludes that additional royalties were due to MacroGenics, Pfizer shall pay to MacroGenics the additional royalties within thirty (30) days after the date Pfizer receives such accountant's written report so concluding. If such underpayment exceeds five percent (5%) of the royalties that were to be paid to MacroGenics, Pfizer also shall reimburse MacroGenics for all reasonable charges of such accountants for conducting the audit. If such accounting firm concludes that Pfizer overpaid royalties to MacroGenics, Pfizer shall be entitled to offset all such overpayments against any outstanding or future amounts payable by Pfizer to MacroGenics under this Agreement until Pfizer has received full credit for all such overpayments.

5.6.4. **Confidentiality**. All financial information of Pfizer which is subject to review under this Section 5.6 shall be deemed to be Pfizer's Confidential Information subject to the provisions of Section 7 hereof, and MacroGenics shall not disclose such Confidential Information to any Third Party or use such Confidential Information for any purpose other than verifying payments to be made by Pfizer to MacroGenics hereunder, provided, however, that such Confidential Information may be disclosed by MacroGenics to Third Parties only to the extent necessary to enforce MacroGenics's rights under this Agreement.

5.7. **Late Payments**. If a Party shall fail to make a timely payment pursuant to the terms of this Agreement, interest shall accrue on the past due amount at the *******, computed for the actual number of days the payment was past due (but in no event in excess of the maximum rate permissible under Applicable Law).

6. INTELLECTUAL PROPERTY.

6.1. **Inventions**.

6.1.1. **Ownership**.

(a) Except for inventions and Know-How subject to Section 2.13.6 or Section 4.1.2, each Party shall own all inventions and Know-How conceived or generated solely by it and its Affiliates and their respective employees, agents and independent contractors in the course of performing research or development activities under this Agreement (a "**Sole Invention**" or "**Sole Know-How**," respectively).

(b) Except for inventions and Know-How subject to Section 2.13.6 or Section 4.1.2, all inventions and Know-How that are conceived or generated jointly by employees, Affiliates, agents, or independent contractors of each Party in the course of performing research or development activities under this Agreement shall be owned jointly by the Parties (a "**Joint Invention**" or "**Joint Know-How**," respectively). During and after the Term, either Party may exploit (including by license, sublicense, assignment of such Party's interest or otherwise) any Joint Technology without accounting to or obtaining consent from the other Party, subject to the rights and obligations of the Parties with respect to Joint Technology under this Agreement, including the exclusive license of MacroGenics's interest in the Joint Technology granted to Pfizer under Section 4.1.3, the Joint Patent Right prosecution and maintenance provisions set forth in Section 6.2 and Pfizer's obligation to pay royalties on Agreement Products under Section 5.4.

(c) All determinations of inventorship under this Agreement shall be made in accordance with the patent law of the United States.

6.1.2. **Disclosure**. Each Party shall promptly disclose to the other Party any Joint Invention, Sole Invention, Agreement T-DART IP or Pfizer Proprietary Material Improvement, including all invention disclosures or other similar documents submitted to such Party by its or its Affiliates', employees, agents or independent contractors describing such foregoing invention, and shall cooperate to promptly determine each Party's inventive contribution thereto. The Parties shall cooperate with each other with respect to the timing, scope, and filing of patent applications and patent claims relating to any of the foregoing inventions to enhance the patent protection for Agreement T-DARTs and Agreement Products, and their manufacture and use.

6.2. **Patent Rights**.

6.2.1. **Filing, Prosecution and Maintenance of Patent Rights**.

(a) **Pfizer Patent Rights**. Pfizer, at its own expense, shall have the sole right, but not the obligation, to prepare, file, prosecute and maintain, throughout the world, any Pfizer Patent Right other than any Agreement T-DART Patent Right.

(b) **Agreement T-DART Patent Rights**.

(i) Pfizer shall have the first right, but not the obligation, to file, prosecute and maintain, at Pfizer's expense, any Agreement T-DART Patent Right. Pfizer will provide MacroGenics with an opportunity to review the text of the initial application with respect to any Agreement T-DART Patent Right before filing, shall consult MacroGenics with respect thereto, shall not unreasonably refuse to address any of MacroGenics' comments, and shall provide MacroGenics promptly with a copy of the application as filed, together with notice of its filing date and serial number. Pfizer will keep MacroGenics advised of the status of the Agreement T-DART Patent Rights annually or more often at MacroGenics' reasonable request. Pfizer shall either provide MacroGenics with copies of, or require that Pfizer's outside counsel copy MacroGenics on, substantive official correspondence received from all patent offices related to the filing, prosecution and maintenance of the patent filings in those offices (e.g., office actions and any other correspondence of a similar nature), and of Pfizer's proposed responses to such correspondence or other substantive filings (e.g., responses to office actions, elections and any other responses or filings of a similar nature), in each case, reasonably in advance of Pfizer's proposed responses or other filings to allow MacroGenics to comment.

(ii) Pfizer shall file, prosecute and maintain each Agreement T-DART Patent Right in all Major Market Countries and in such other countries as MacroGenics may request, provided, however, that if Pfizer at any time wishes not to file, prosecute or maintain any Agreement T-DART Patent Right in any country (a "**Foregone Agreement T-DART Patent Right**"), Pfizer shall provide MacroGenics with ******* prior written notice to such effect, provided that an Agreement T-DART Patent Right shall not constitute a Foregone Agreement T-DART Patent Right if Pfizer's discontinuation of filing, prosecution or maintenance of such Agreement T-DART Patent Right is in order to effect a settlement or to avoid an interference, opposition or other proceeding in which the validity of such Agreement T-DART Patent Right may be determined or because another Agreement T-DART Patent Right of similar claim scope is being prosecuted or has been issued. For any such Foregone Agreement T-DART Patent Right for which Pfizer gives notice in accordance with the foregoing sentence and of which MacroGenics, its Affiliates, or

Subcontractors of MacroGenics or any of its Affiliates are the sole inventors, MacroGenics shall have the right to request assignment within ******* after MacroGenics' receipt of the notice provided by Pfizer and Pfizer shall assign to MacroGenics all of Pfizer's right, title and interest in and to any such Foregone Agreement T-DART Patent Right so requested within ******* of such request. Upon assignment of such Foregone Agreement T-DART Patent Right, Pfizer shall have no responsibility for any further prosecution or maintenance of or expenses incurred in connection with such Foregone Agreement T-DART Patent Right. Pfizer shall execute, and cause its employees, agents and subcontractors to execute, at MacroGenics' expense, all documents necessary for MacroGenics to continue prosecution and maintenance of such Foregone Agreement T-DART Patent Right. Any Foregone Agreement T-DART Patent Right assigned to MacroGenics will be included in MacroGenics Patent Rights for the purposes of this Agreement.

(iii) If, upon a timely request by MacroGenics in connection with an Agreement T-DART Patent Right of which MacroGenics, its Affiliates, or Subcontractors of MacroGenics or any of its Affiliates are the sole inventors, Pfizer declines to file a continuation or divisional application to pursue claims of a broader scope than those that have been allowed or are being or will be sought by Pfizer, MacroGenics shall have the right to file, in Pfizer's name, such continuation or divisional application (but not a continuation-in-part) and Pfizer shall have no responsibility for any further prosecution or maintenance of or expenses incurred in connection with such application. Pfizer shall execute, and cause its employees, agents and subcontractors to execute, at MacroGenics' expense, all documents necessary for MacroGenics to continue prosecution and maintenance of such application. The second, third and fourth sentences of this Section 6.2.1(b) shall apply to MacroGenics' filing and prosecution, provided that each Party's name in those sentences shall be substituted with the other Party's name.

(c) **MacroGenics Patent Rights Other than Subject T-DART Patent Rights**. Except as provided in the Section 6.2.1(d) in regard to Subject Patent Rights, MacroGenics, at its own expense, shall have the sole right, but not the obligation, to prepare, file, prosecute and maintain, throughout the world, any MacroGenics Patent Right.

(d) **Subject Patent Rights**. MacroGenics shall have the first right, but not the obligation, to file, prosecute and maintain, at MacroGenics's expense, any Subject Patent Right. "**Subject Patent Right**" means any MacroGenics Patent Right covering the composition of, or any method of

making or method of using, any Agreement T-DART or Agreement Product. MacroGenics shall keep Pfizer advised of the status of Subject Patent Rights (once published) annually or more often at Pfizer's reasonable request. MacroGenics shall consider in good faith any comments provided by Pfizer concerning the prosecution of Subject Patent Rights, and MacroGenics shall not use any information generated in the Research Program in connection with prosecution of any Subject Patent Rights without Pfizer's prior written consent, which shall not be unreasonably withheld or delayed. MacroGenics shall file, prosecute and maintain each Subject Patent Right in all Major Market Countries, provided, however, that if MacroGenics at any time wishes not to file, prosecute or maintain any Subject Patent Right in any country, MacroGenics shall provide Pfizer with ******* prior written notice to such effect. Unless MacroGenics' discontinuation of filing, prosecution or maintenance of such Subject Patent Right is in order to effect a settlement or to avoid an interference, opposition or other proceeding in which the validity of such Subject T-DART Patent Right may be determined or because another Subject T-DART Patent Right of similar claim scope is being prosecuted or has been issued, Pfizer shall have the first right to file, prosecute and maintain such Subject Patent Right (in MacroGenics' name) in each such country, in which event the Subject Patent Right will no longer be deemed to be included in the MacroGenics Patent Rights for the purpose of determining the Royalty Term with respect to any Agreement Product.

(e) **Joint Patent Rights**. In the event the Parties make any Joint Invention, the Parties shall promptly meet to discuss and determine, based on mutual consent, whether to seek patent protection thereon and how prosecution, maintenance and enforcement of any Patent Right covering such Joint Invention will be handled. Neither Party will file any Patent Right covering or claiming a Joint Invention without the consent of the other Party.

6.2.2. **Enforcement of Patent Rights**.

(a) **Notice**. If either Pfizer or MacroGenics becomes aware of any infringement, anywhere in the world, of any issued Subject Patent Right or Agreement T-DART Patent Right, such Party shall promptly notify the other Party in writing to that effect.

(b) Infringement of Subject Patent Rights.

(1) If any infringement of a Subject Patent Right by a Third Party arises from the Development, Manufacture or Commercialization of a product that competes with an Agreement Product, Pfizer shall have the first right, but not the obligation, to

take action to obtain a discontinuance of infringement or bring suit against a Third Party infringer of such Subject Patent Right within *** from the date of notice and to join MacroGenics as a party plaintiff.

(2) Pfizer shall bear all the expenses of any suit brought by it claiming infringement of any such Subject Patent Right. MacroGenics shall cooperate with Pfizer in any such suit and shall have the right to consult with Pfizer and to participate in and be represented by independent counsel in such litigation at its own expense. Pfizer shall incur no liability to MacroGenics as a consequence of such litigation or any unfavorable decision resulting therefrom, including any decision holding any such Subject Patent Right invalid or unenforceable; provided, however, that Pfizer shall not, without MacroGenics' prior written consent, enter into any settlement or consent decree that requires any payment by or admits or imparts any other liability to MacroGenics or admits the invalidity or unenforceabilty of any such Subject Patent Right.

(3) If Pfizer has not obtained a discontinuance of infringement by, or filed suit against, any such Third Party infringer within the *** period set forth in subsection (i) above, then MacroGenics shall have the right, but not the obligation, to bring suit against such Third Party infringer, at MacroGenics' sole expense. provided that (x) Pfizer will not be obligated to join such suit unless Applicable Law requires that Pfizer must be a party for MacroGenics to maintain the suit, and (y) MacroGenics shall indemnify Pfizer against any damages, penalties, attorney fees or other recoveries assessed against Pfizer in or as a result of such suit. Pfizer may, at its sole discretion, elect to consult with MacroGenics and to participate in and be represented by independent counsel in such litigation at its own expense. MacroGenics shall incur no liability to Pfizer as a consequence of such litigation or any unfavorable decision resulting therefrom, including any decision holding any such Subject Patent Right invalid or unenforceable; provided, however, that MacroGenics shall not, without Pfizer's prior written consent, enter into any settlement or consent decree that requires any payment by or admits or imparts any other liability to Pfizer.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

(4) The enforcing Party shall keep the other Party reasonably informed of all material developments in connection with any such suit. Any recoveries obtained by either Party as a result of any proceeding against such a Third Party infringer shall be allocated as follows:

(A) Such recovery shall first be used to reimburse each Party for all out-of-pocket litigation costs in connection with such litigation paid by that Party; and

(B) With respect to any remaining portion of such recovery, if Pfizer was the enforcing Party, MacroGenics shall receive either (1) if the reward to Pfizer is based on lost profits, an amount equal to the royalty that would be payable, pursuant to Section 5.4, on the corresponding amount (as determined by the court) of lost Net Sales of the relevant Agreement Product(s) in the country(ies) where such infringement occurred; or (2) if the reward is based on reasonable royalty payments, such reward due to Pfizer (as determined by the court) shall be considered as Net Sales subject to the applicable royalty in accordance with Section 5.4, unless MacroGenics is separately awarded its own royalty award, and Pfizer shall receive any remaining portion of such recovery; or

(C) With respect to any remaining portion of such recovery, if MacroGenics was the enforcing Party, MacroGenics shall receive any remaining portion of such recovery.

(c) **Other Infringement of MacroGenics Patent Rights**. If the infringement of any MacroGenics Patent Right does not fall within the category of infringements covered by the first sentence of Section 6.2.2(b), MacroGenics shall have the sole right, but not the obligation, to take action against such infringement.

(d) **Infringement of Agreement T-DART Patent Rights**.

(1) Pfizer shall have the sole right but not the obligation to bring an action against a Third Party infringer of an Agreement T-DART Patent Right or otherwise address such alleged infringement. MacroGenics shall cooperate with Pfizer, at Pfizer's expense, in any such suit brought by Pfizer and shall have the right to consult with Pfizer concerning the status and prosecution of such litigation Pfizer shall incur no liability to MacroGenics as a consequence of such litigation or any unfavorable decision resulting therefrom, including any decision holding any such Agreement T-DART Patent Right invalid or unenforceable.

(2) Any recoveries obtained by Pfizer as a result of any proceeding against a Third Party infringer shall be allocated as follows:

(A) Such recovery shall first be used to reimburse each Party for all out-of-pocket litigation costs in connection with such litigation paid by that Party; and

(B) With respect to any remaining portion of such recovery, MacroGenics shall receive either (1) if the reward to Pfizer is based on lost profits, an amount equal to the royalty that would be payable, pursuant to Section 5.4, on the corresponding amount (as determined by the court) of lost Net Sales of the relevant Agreement Product(s) in the country(ies) where such infringement occurred; or (2) if the reward is based on reasonable royalty payments , such reward due to Pfizer (as determined by the court) shall be considered as Net Sales subject to the applicable royalty in accordance with Section 5.4, and Pfizer shall receive any remaining portion of such recovery.

6.2.3. **Infringement of Third Party Patent Rights**. If the Development, Manufacture or Commercialization of any Agreement T-DART and/or Agreement Product is alleged by a Third Party to infringe a Third Party's patent or other intellectual property rights, the Party becoming aware of such allegation shall promptly notify the other Party. The Party that is alleged to infringe the Third Party's patent or intellectual property shall have the right to take such action as it deems appropriate in response to such allegation, and shall be solely responsible for all damages, costs and expenses in connection therewith, subject to Section 10.

6.2.4. **Patent Invalidity Claim**. Each Party shall promptly notify the other in the event of any legal or administrative action by any Third Party against any Subject Patent Right or Agreement T-DART Patent Right of which it becomes aware, including any opposition, interference, nullity, revocation, reexamination or compulsory license proceeding. Such action shall be treated as part of the prosecution of such Patent Right under Section 6.2.1 unless such action is a declaratory judgment action or counterclaim in response to an assertion of infringement, in which cases such action shall be treated as an enforcement action under Section 6.2.2.

6.2.5. **Biosimilar Applications**. Each Party shall immediately give written notice to the other of any notice received from a Third Party of an application for FDA approval under the Biologics Price Competition and Innovation Act of 2009 (or any amendment or successor statute thereto) of a Biosimilar Biologic Product referencing an Agreement Product or any certification under a similar statutory or regulatory requirement in any non-United States country in the Territory claiming that a Subject Patent Right or an Agreement T-DART Patent Right covering any Agreement Product is invalid or that infringement will not arise from the Development, Manufacture or Commercialization of a proposed Biosimilar

Biologic Product by a Third Party. Upon the giving or receipt of such notice, Pfizer shall have the first right (or the sole right, in the case of an Agreement T-DART Patent Right) but not the obligation, to bring an infringement action against such Third Party in connection with such certification. In the case of a Subject Patent Right, Pfizer shall notify MacroGenics at least ******* to the date set forth by statute or regulation of its intent to exercise, or not exercise, this right. Any infringement action against a Third Party arising under this Section 6.2.5 shall be governed by the provisions of Section 6.2.2(b).

6.2.6. **Patent Term Restoration and Extension**. Pfizer shall have the first right, but not the obligation, to seek, in MacroGenics's name if so required, patent term extensions, and supplemental protection certificates and the like available under Applicable Law, including 35 U.S.C. § 156 and applicable foreign counterparts, in any country in the Territory in relation to any Subject Patent Right and Agreement Products. MacroGenics and Pfizer shall cooperate in connection with all such activities. Pfizer, its agents and attorneys will give due consideration to all suggestions and comments of MacroGenics regarding any such activities, but in the event of a disagreement between the Parties, Pfizer will have the final decision-making authority. If Pfizer does not do so, MacroGenics may seek to extend any Subject Patent Right in relation to Agreement Products, including through the use of supplemental protection certificates and the like, unless in Pfizer's reasonable legal determination such Subject Patent Right may not be extended under Applicable Law in relation to Agreement Products without limiting Pfizer's right to extend any other Patent Right in relation to Agreement Products.

6.2.7. **Joint Research Agreement**. This Agreement shall 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 Agreement T-DARTs and Agreement Products.

6.2.8. **Orange Book Information**. Pfizer shall be responsible for all submissions of patent information pertaining to each Agreement Product pursuant to 21 U.S.C. § 355(b)(1)(G) (or any amendment or successor statute thereto), any similar statutory or regulatory requirement enacted in the future regarding biologic products, or any similar statutory or regulatory requirement in any non-United States country or other regulatory jurisdiction.

6.3. **Recording**. If Pfizer deems it necessary or desirable to register or record this Agreement or evidence of this Agreement with any patent office or other appropriate government authorities in one or more jurisdictions in the Territory, then Pfizer shall submit to MacroGenics any proposed evidence of such recording and the Parties will comply with the terms of Section 7.2.3 in respect of such filing. MacroGenics shall, at Pfizer's expense, execute and deliver to Pfizer any documents necessary or desirable, in Pfizer's reasonable judgment, to complete such registration or recordation in accordance with the terms of Section 7.2.3; provided that such registration or recordation specifies

the applicable limitations of such license, and provided further that such registration shall have no effect on the allocation of patent prosecution, maintenance and enforcement rights and obligations set forth in this Section 6. In the event the licenses granted to Pfizer under this Agreement are terminated, Pfizer shall promptly take such actions and execute such documents as are reasonably requested by MacroGenics to cancel such registration(s) or recordation(s) in the applicable countries with respect to the terminated license grants.

6.4. **Trademarks**. Pfizer shall, in its sole discretion, select and own all Agreement Product-related Trademarks and copyrights to be used in connection with the Commercialization of any Agreement Product hereunder. MacroGenics shall neither use nor seek to register, anywhere in the world, any Trademarks that are confusingly similar to any Trademark used by or on behalf of Pfizer or its Affiliates or Sublicensees in connection with any Agreement Product; provided, however, that nothing in this Section 6.4 shall be construed to prevent MacroGenics from enforcing its own trademark rights or grant Pfizer any license or right in and to any MacroGenics trademark or house mark.

7. CONFIDENTIALITY

7.1. **Confidentiality**. Except to the extent expressly authorized by this Agreement, the Parties agree that, during the Term and for ***, each Party (the "**Receiving Party**") receiving any Confidential Information of the other Party (the "**Disclosing Party**") hereunder shall: (a) keep the Disclosing Party's Confidential Information confidential; (b) not disclose, or permit the disclosure of, the Disclosing Party's Confidential Information; and (c) not use, or permit to be used, the Disclosing Party's Confidential Information for any purpose; provided, however, that a Receiving Party may disclose Confidential Information of the Disclosing Party to the extent that such Confidential Information (i) was already known by the Receiving Party (other than under an obligation of confidentiality to the Disclosing Party) at the time of disclosure by the Disclosing Party; (ii) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party; (iii) became generally available to the public or otherwise part of the public domain after its disclosure to the Receiving Party, other than through any act or omission of the Receiving Party in breach of its obligations under this Agreement; (iv) was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to the Receiving Party; or (v) was independently discovered or developed by or on behalf of the Receiving Party without the use of any Confidential Information of the Disclosing Party. The terms and conditions of this Agreement shall be considered Confidential Information of each Party.

7.2. **Authorized Disclosure**.

7.2.1. **Disclosure to Party Representatives**. Notwithstanding the foregoing provisions of Section 7.1, the Receiving Party may disclose Confidential Information belonging to the Disclosing Party to the Receiving Party's, its Affiliates' and its Sublicensees' officers, directors, employees, consultants,

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contractors and agents (collectively, "**Representatives**") who (a) have a need to know such Confidential Information in connection with the performance of the Receiving Party's obligations or the exercise of the Receiving Party's rights under this Agreement and (b) have agreed in writing to non-disclosure and non-use provisions with respect to such Confidential Information that are at least as restrictive as those set forth in this Section 7.

7.2.2. **Disclosure to Third Parties**.

(a) Notwithstanding the foregoing provisions of Section 7.1, each Party may disclose Confidential Information belonging to the other Party:

(i) to Governmental Authorities (i) to the extent reasonably necessary to obtain or maintain INDs or Regulatory Approvals for any Agreement T-DART or Agreement Product within the Territory, and (ii) in order to respond to inquiries, requests or investigations relating to this Agreement;

(ii) to outside consultants, contractors, advisory boards, managed care organizations, and non-clinical and clinical investigators, in each case to the extent reasonably necessary to develop, register or market any Agreement T-DART or Agreement Product; provided that the Receiving Party shall obtain the same confidentiality obligations from such Third Parties as it obtains with respect to its own similar types of confidential information;

(iii) to the extent reasonably necessary in connection with filing or prosecuting Patent Rights as permitted by this Agreement;

(iv) to the extent reasonably necessary in connection with prosecuting or defending litigation as permitted by this Agreement;

(v) subject to Section 7.3.2, in connection with or included in scientific presentations and publications relating to Agreement T-DARTs or Agreement Products, including abstracts, posters, journal articles and the like, and posting results of and other information about clinical trials to clincialtrials.gov or PhRMA websites; and

(vi) to the extent necessary or desirable in order to enforce its rights under this Agreement.

(b) Notwithstanding anything to the contrary in this Section 7, MacroGenics may disclose Pfizer's Confidential Information to: (i) Governmental Authorities in order to respond to inquiries, requests or investigations relating to this Agreement and (ii) to the extent necessary or desirable in order to enforce its rights under this Agreement. In the event a

Party deems it reasonably necessary to disclose Confidential Information belonging to the other Party pursuant to this Section 7.2, the Disclosing Party shall to the extent possible give reasonable advance written notice of such disclosure to the other Party and take all reasonable measures to ensure confidential treatment of such information.

7.2.3. **SEC Filings and Other Disclosures**. Notwithstanding any provision of this Agreement to the contrary:

(a) Either Party may disclose the terms of this Agreement to the extent required, in the reasonable opinion of such Party's legal counsel, to comply with Applicable Law, including the rules and regulations promulgated by the SEC or any equivalent governmental agency in any country in the Territory. Notwithstanding the foregoing, before disclosing this Agreement or any of the terms hereof pursuant to this Section 7.2.3, the Parties will consult with one another on the terms of this Agreement to be redacted in making any such disclosure. Further, if a Party discloses this Agreement or any of the terms hereof in accordance with this Section 7.2.3, such Party shall, at its own expense, seek such confidential treatment of confidential portions of this Agreement and such other terms, as may be reasonably requested by the other Party.

(b) Either Party may disclose the existence and terms of this Agreement in confidence:

(i) (A) to its attorneys, professional accountants, and auditors, and (B) bankers or other financial advisors in connection with an initial public offering, other strategic transaction, or corporate valuation for internal purposes; provided that any such disclosure to such professional accountants, auditors, bankers or other financial advisors is under an agreement to keep the terms of confidentiality and non-use no less rigorous than the terms contained in this Agreement and to use such information solely for the applicable purpose permitted pursuant to this Section 7.2.3(b)(i);

(ii) to potential acquirers (and their respective attorneys and professional advisors), in connection with a potential merger, acquisition or reorganization; provided that (A) the Party making the disclosure has a bona fide offer from such Third Party for such a transaction, and (B) such disclosure is under an agreement to keep the terms of confidentiality and non-use no less rigorous than the terms contained in this Agreement and to use such information solely for the purpose permitted pursuant to this Section 7.2.3(b)(i);

(iii) to existing or potential investors, lenders or permitted assignees of such Party (and their respective attorneys and professional advisors); provided that such disclosure is under an agreement to keep the terms of confidentiality and non-use no less rigorous than the terms contained in this Agreement; and

(iv) to potential licensees or sublicensees of such Party (and their respective attorneys and professional advisors); provided that (A) such disclosure shall not include any financial terms or identify any Research Project Targets or Reserved Targets; and (B) such disclosure is under an agreement to keep the terms of confidentiality and non-use no less rigorous than the terms contained in this Agreement.

7.3. **Public Announcements; Publications**.

7.3.1. **Announcements**. Except as may be expressly permitted under Section 7.2.3, neither Party will make any public announcement regarding this Agreement without the prior written approval of the other Party. For the sake of clarity, nothing in this Agreement shall prevent (a) either Party from making any public disclosure relating to this Agreement if the contents of such public disclosure has previously been made public other than through a breach of this Agreement by the issuing Party or its Affiliates; (b) Pfizer from making any scientific publication (in accordance with Section 7.3.2) or public announcement with respect to any Agreement Product under this Agreement; or (c) MacroGenics from making any public announcement approved in advance by Pfizer with respect to any Milestone Payment received by MacroGenics hereunder, which approval may not be unreasonably withheld or delayed; provided, however, that, except as permitted under Section 7.2, Pfizer shall not disclose any of MacroGenics's Confidential Information in any such publication or announcement without obtaining MacroGenics's prior written consent to do so. The Parties agree that MacroGenics may release the announcement attached hereto as Exhibit 7.3.1 regarding the signing of this Agreement following the Effective Date.

7.3.2. **Publications**. During the Term, each Party shall submit to the other Party (the "**Non-Disclosing Party**") for review and approval any proposed academic, scientific and medical publication or public presentation which contains the Non-Disclosing Party's Confidential Information. In addition, MacroGenics shall submit to Pfizer for review and approval any proposed publication or public presentation relating to the Research Program. In both instances, such review and approval will be conducted for the purposes of preserving the value of the MacroGenics Technology, the Pfizer Technology, the Joint Technology, the rights granted to Pfizer hereunder and determining whether any portion of the proposed

publication or presentation containing the Non-Disclosing Party's Confidential Information should be modified or deleted. Written copies of such proposed publication or presentation required to be submitted hereunder shall be submitted to the Non-Disclosing Party no later than ******* before submission for publication or presentation (the "**Review Period**"). The Non-Disclosing Party shall provide its comments with respect to such publications and presentations within ******* after its receipt of such written copy. The Review Period may be extended for an additional ******* in the event the Non-Disclosing Party can, ******* after receipt of the written copy, demonstrate reasonable need for such extension including for the preparation and filing of patent applications. MacroGenics and Pfizer will each comply with standard academic practice regarding authorship of scientific publications and recognition of contribution of other parties in any publication governed by this Section 7.3.2.

7.4. **Obligations in Connection with Change of Control**. If MacroGenics is subject to a Change of Control, MacroGenics will, and it will cause its Affiliates and Representatives to, ensure that no Confidential Information of Pfizer (except as may be expressly permitted under Section 7.2.3 with respect to the terms of this Agreement and with respect to any royalty statements provided by Pfizer pursuant to Section 5.5.2) is released to (a) any Affiliate of MacroGenics that becomes an Affiliate as a result of the Change of Control or (b) any Representatives of MacroGenics (or of the relevant surviving entity of such Change of Control) who become Representatives as a result of the Change of Control, unless such Representatives have signed individual confidentiality agreements which include equivalent obligations to those set out in this Section 7. If any Change of Control of MacroGenics occurs, MacroGenics shall promptly notify Pfizer, *******

8. REPRESENTATIONS AND WARRANTIES.

8.1. **Mutual Representations and Warranties**. Each of MacroGenics and Pfizer hereby represents and warrants to the other Party that:

8.1.1. it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

8.1.2. the execution, delivery and performance of this Agreement by such Party has been duly authorized by all requisite action under the provisions of its charter, bylaws and other organizational documents, and does not require any action or approval by any of its shareholders or other holders of its voting securities or voting interests;

8.1.3. it has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder

8.1.4. this Agreement has been duly executed and is a legal, valid and Binding Obligation on each Party, enforceable against such Party in accordance with its terms; and

8.1.5. the execution, delivery and performance by such Party of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of or default under any Binding Obligation existing as of the Effective Date.

8.2. **Representations and Warranties of MacroGenics**. MacroGenics hereby represents and warrants to Pfizer that as of the Effective Date:

8.2.1. MacroGenics is the sole and exclusive owner of the MacroGenics Technology, all of which is free and clear of any claims, liens, charges or encumbrances;

8.2.2. it has and will have the full right, power and authority to grant all of the right, title and interest in the licenses and other rights granted or to be granted to Pfizer or Pfizer's Affiliates under this Agreement;

8.2.3. (a) Schedule 8.2.3 sets forth a true and complete list of all Patent Rights owned or otherwise Controlled by MacroGenics or its Affiliates that relate to the MacroGenics Technology, (b) each such Patent Right remains in full force and effect and (c) MacroGenics or its Affiliates have timely paid all filing and renewal fees payable with respect to such Patent Rights;

8.2.4. to its best knowledge: (a) the MacroGenics Patent Rights, are, or, upon issuance, will be, valid and enforceable patents and (b) no Third Party (i) is infringing any MacroGenics Patent Right or (ii) has challenged or threatened to challenge the extent, validity or enforceability of any MacroGenics Patent Right (including, by way of example, through the institution or written threat of institution of interference, nullity or similar invalidity proceedings before the United States Patent and Trademark Office or any analogous foreign Governmental Authority);

8.2.5. to its best knowledge, it has complied with all Applicable Laws, including any disclosure requirements, in connection with the filing, prosecution and maintenance of the MacroGenics Patent Rights;

8.2.6. MacroGenics has independently developed all MacroGenics Know-How or otherwise has a valid right to use, and to permit Pfizer, Pfizer's Affiliates and Pfizer's Sublicensees to use, the MacroGenics Know-How for all permitted purposes under this Agreement;

8.2.7. it has obtained from all inventors of MacroGenics Technology existing as of the Effective Date, valid and enforceable agreements assigning to MacroGenics each such inventor's entire right, title and interest in and to all such MacroGenics Technology;

8.2.8. except as expressly disclosed in Schedule 8.2.8, no MacroGenics Technology existing as of the Effective Date is subject to any funding agreement with any government or Governmental Authority;

8.2.9. neither MacroGenics nor any of its Affiliates are subject to any agreement or obligation that limits any ownership or license right granted to Pfizer or its Affiliates under this Agreement, including any right granted to Pfizer or its Affiliates to access, practice, grant any licenses or sublicenses under, or provide Pfizer's Sublicensees with access to any intellectual property right or material (including any Patent Right, Know-How or other data or information), in each case, that would, but for such agreement or obligation, be included in the rights licensed or assigned to Pfizer or its Affiliates pursuant to this Agreement;

8.2.10. (a) there are no MacroGenics Third Party Agreements and (b) no Third Party has any right, title or interest in or to, or any license under, any MacroGenics Technology;

8.2.11. it has disclosed to Pfizer all provisions of ******* relevant to determining the extent of any and all limitations on Pfizer's rights under this Agreement necessitated by MacroGenics's obligations under *******;

8.2.12. except as disclosed to Pfizer prior to the Effective Date in written form, referencing this Section 8.2.12 of the Agreement, to the best of its knowledge, the use, practice or application by MacroGenics or Pfizer (or their respective Affiliates or Sublicensees) as contemplated under this Agreement of any MacroGenics Technology relating to T-DARTs (a) does not and will not infringe any issued patent of any Third Party or (b) would not infringe the claims of any published Third Party patent application when and if such claims were to issue;

8.2.13. except as expressly disclosed in Schedule 8.2.13, there is no (a) claim, demand, suit, proceeding, arbitration, inquiry, investigation or other legal action of any nature, civil, criminal, regulatory or otherwise, pending or, to the best knowledge of MacroGenics, threatened against MacroGenics or any of its Affiliates or (b) judgment or settlement against or owed by MacroGenics or any of its Affiliates, in each case in connection with the MacroGenics Technology or relating to the transactions contemplated by this Agreement.

8.3. **Representations and Warranties of Pfizer**. Pfizer hereby represents and warrants to MacroGenics that as of the Effective Date:

8.3.1. there is no (a) claim, demand, suit, proceeding, arbitration, inquiry, investigation or other legal action of any nature, civil, criminal, regulatory or otherwise, pending or, to the best knowledge of Pfizer, threatened against Pfizer or any of its Affiliates or (b) judgment or settlement against or owed by Pfizer or any of its Affiliates, in each case in connection with the Pfizer Proprietary Materials or relating to the transactions contemplated by this Agreement.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

8.4. **MacroGenics Covenants**. In addition to the covenants made by MacroGenics elsewhere in this Agreement, and subject to the provisions of Section 6, MacroGenics hereby covenants to Pfizer that, from the Effective Date until expiration or termination of this Agreement:

8.4.1. it will (a) not enter into any MacroGenics Third Party Agreement that is inconsistent with (i) the rights granted to Pfizer or Pfizer's Affiliates hereunder or (ii) MacroGenics's ability to fully perform its obligations hereunder; (b) not amend or otherwise modify any MacroGenics Third Party Agreement (including any Disclosed Third Party Agreement) or consent or waive rights with respect thereto in any manner that (i) is inconsistent with the rights granted to Pfizer or Pfizer's Affiliates hereunder or (ii) MacroGenics's ability to fully perform its obligations hereunder; (c) promptly furnish Pfizer with copies of all (i) amendments to the Disclosed Third Party Agreements and (ii) MacroGenics Third Party Agreements and related amendments executed following the Effective Date; (d) remain, and cause its Affiliates to remain, in compliance in all material respects with all MacroGenics Third Party Agreements (including Disclosed Third Party Agreements); and (e) furnish Pfizer with copies of all notices received by MacroGenics or its Affiliates relating to any alleged breach or default by MacroGenics or its Affiliates under any MacroGenics Third Party Agreement (including and Disclosed Third Party Agreement) within fifteen (15) Business Days after receipt thereof;

8.4.2. it will not enter into or otherwise allow itself or its Affiliates to be subject to any agreement or arrangement which limits the ownership rights of Pfizer or its Affiliates with respect to, or limits the ability of Pfizer or its Affiliates to grant a license, sublicense or access, or provide or provide access or other rights in, to or under, any intellectual property right or material (including any Patent Right, Know-How or other data or information), in each case, that would, but for such agreement or arrangement, be included in the rights licensed or assigned to Pfizer or its Affiliates pursuant to this Agreement;

8.4.3. it will maintain valid and enforceable agreements with all Persons acting by or on behalf of MacroGenics or its Affiliates under this Agreement which require such Persons to assign to MacroGenics their entire right, title and interest in and to all MacroGenics Technology and Joint Technology; and

8.4.4. in the conduct of any Research Project, unless MacroGenics receives prior written consent from Pfizer, MacroGenics shall neither use funding from any Government Authority nor use CHO-S cells.

8.5. **Representation by Legal Counsel**. Each Party hereto represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption shall exist or be implied against the Party which drafted such terms and provisions.

8.6. **Disclaimer**. THE FOREGOING REPRESENTATIONS AND WARRANTIES OF EACH PARTY ARE IN LIEU OF ANY OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF NON-INFRINGEMENT OR ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY SPECIFICALLY EXCLUDED AND DISCLAIMED.

9. GOVERNMENT APPROVALS; TERM AND TERMINATION.

9.1. **Government Approvals**. Each of MacroGenics and Pfizer shall cooperate with the other Party and use Commercially Reasonable Efforts to make all registrations, filings and applications, to give all notices and to obtain as soon as practicable all governmental or other consents, transfers, approvals, orders, qualifications authorizations, permits and waivers, if any, and to do all other things necessary or desirable for the consummation of the transactions as contemplated hereby.

9.2. **Term**. The term of this Agreement shall commence on the Effective Date and shall extend, unless this Agreement is terminated earlier in accordance with this Section 9, until the expiration of the last-to-expire of all Royalty Terms with respect to all Agreement Products (the "**Term**").

9.3. **Termination by Either Party for Cause**. Either Party may terminate this Agreement, in its entirety or, at the terminating Party's option, on an Agreement T-DART-by-Agreement T-DART basis, at any time during the Term by giving written notice to the other Party if the other Party commits a material breach of its obligations under this Agreement and such breach remains uncured for *******, measured from the date written notice of such breach is given to the breaching Party; provided, however, that if such breach (other than breach of an undisputed payment obligation) is not susceptible of cure within the stated period and the breaching Party uses diligent, good faith efforts to cure such breach, the stated period shall be extended by an ******* Notwithstanding the foregoing, a Party shall have the right to terminate this Agreement pursuant to this Section 9.3 in part with respect to an individual Agreement T-DART only if the other Party's material breach giving rise to such termination right relates solely to such Agreement T-DART.

9.4. **Termination by Pfizer without Cause**. Pfizer shall have the right to terminate the Agreement at any time for any or no reason, on a Research Project Target-by-Research Project Target basis, by providing ******* advance written notice of such termination to MacroGenics; provided that, during the *******, Pfizer will retain at least one Research Project Target under the Research Program. *******, Pfizer shall have the right, exercisable upon ******* prior written notice to MacroGenics, to terminate this Agreement at any time for any or no reason either (a) in its entirety or (b) on a Research Project Target-by-Research Project Target basis.

9.5. **Effects of Termination**.

9.5.1. **Effect of Termination by Pfizer for Cause**. If Pfizer terminates this Agreement with respect to any or all Agreement T-DARTS pursuant to Section 9.3 (each, a "**Terminated T-DART**"):

(a) all work under the applicable Research Plan(s) with respect to each Terminated T-DART shall cease;

(b) (i) all licenses granted to Pfizer with respect to such Terminated T-DART and any Agreement Product incorporating such Terminated T-DART ("**Terminated Agreement Product**"), including licenses under Section 4.1, shall continue and shall become perpetual, irrevocable licenses; (ii) Pfizer's rights under Section 4.1 shall remain in full force and effect with respect to any such Terminated T-DART or Terminated Agreement Product; and (iii) Pfizer shall have no further obligations to MacroGenics under this Agreement with respect to any such Terminated T-DART or Terminated Agreement Product, other than (x) obligations to pay Milestones and royalties with respect to each Terminated Target and Net Sales of Agreement Products incorporating each Terminated T-DART, as applicable, in an amount equal to ******* of the amount that would otherwise have been payable under this Agreement, and (y) those other obligations that expressly survive termination in accordance with Section 9.7 shall survive;

(c) MacroGenics shall remain entitled to receive payments that accrued before the effective date of such termination;

(d) nothing in this Section 9.5.1 shall limit any other remedy Pfizer may have for MacroGenics's breach of this Agreement; and

(e) the rights and obligations of the Parties with respect to all Agreement T-DARTs other than any such Terminated T-DART shall remain in full force and effect.

9.5.2. **Effect of Termination by MacroGenics for Cause or by Pfizer without Cause**.

(a) If MacroGenics terminates this Agreement with respect to any Agreement T-DARTs pursuant to Section 9.3, or if Pfizer terminates this Agreement with respect to any Agreement T-DARTs pursuant to Section 9.4: (i) all licenses granted by MacroGenics to Pfizer under Section 4.1 with respect to any such Agreement T-DART and any Agreement Product containing such Agreement T-DART shall terminate and (ii) on MacroGenics's written request within ******* of such termination, Pfizer shall reassign to MacroGenics all of the right, title and interest in Agreement T-DART IP that was assigned by MacroGenics to Pfizer pursuant to Section 4.1.2 with respect to such Agreement T-DART, and in any Agreement

T-DART Patent Rights relating thereto that have been filed (unless another alternative approach has been agreed by the Parties in view of prosecution exigencies), any such assignment to be completed within *** of such request. After such assignment, or if MacroGenics declines to request assignment or such *** period expires without a request by MacroGenics, Pfizer will have no further obligations to prosecute or maintain such Agreement T-DART Patent Rights or to pay any costs related thereto. All rights and obligations with respect to all other Agreement T-DARTs and Agreement Products shall remain in full force and effect (and for avoidance of doubt, any Agreement T-DART IP and Agreement T-DART Patent Rights assigned to MacroGenics pursuant to this Section 9.5.2(a) will be included in MacroGenics Technology and MacroGenics Patent Rights, respectively, for the purposes of such other Agreement T-DARTs and Agreement Products). MacroGenics shall have a fully paid up, royalty free non-exclusive license under any such Agreement T-DART Patent Right not assigned to MacroGenics pursuant to the provisions of this Section 9.5.2(a).

(b) If MacroGenics terminates this Agreement in its entirety pursuant to Section 9.3, or if Pfizer terminates this Agreement in its entirety pursuant to Section 9.4: (i) all licenses granted by MacroGenics to Pfizer under Section 4.1 shall terminate, (ii) on MacroGenics's written request within thirty (30) days of such termination, Pfizer shall reassign to MacroGenics all of MacroGenics' right, title and interest in Agreement T-DART IP that was assigned by MacroGenics to Pfizer pursuant to Section 4.1.2, and in any Agreement T-DART Patent Rights relating thereto that have been filed (unless another alternative approach has been agreed by the Parties in view of prosecution exigencies), any such assignment to be completed within *** of such request, and MacroGenics shall have no further obligations to Pfizer under this Agreement other than those obligations that expressly survive termination in accordance with Section 9.7. After assignment of any Agreement T-DART Patent Rights pursuant to this Section 9.5.2(b), or if MacroGenics declines to request assignment or *** expires without a request by MacroGenics, Pfizer will have no further obligations to prosecute or maintain such Agreement T-DART Patent Rights or to pay any costs related thereto. MacroGenics shall have a fully paid up, royalty free non-exclusive license under any Agreement T-DART Patent Right not assigned to MacroGenics pursuant to the provisions of this Section 9.5.2(b).

(c) For the avoidance of doubt, if MacroGenics terminates this Agreement with respect to any Agreement T-DARTs pursuant to Section 9.3, or if Pfizer terminates this Agreement with respect to any Agreement T-DARTs pursuant to Section 9.4, in each case including all Agreement T-DARTs in the event that this Agreement is terminated in its entirety, (i) all rights granted by Pfizer to MacroGenics under Section 4.2

shall survive such termination and (ii) any such Agreement T-DART will no longer be considered to be an Agreement T-DART for the purpose of this Agreement.

(d) Nothing in this Section 9.5.3 shall limit MacroGenics's right to receive payments that accrued before the effective date of termination or limit any other remedy MacroGenics may have for Pfizer's breach of this Agreement.

(e) At MacroGenics's request within thirty (30) days of any termination of this Agreement, Pfizer shall negotiate with MacroGenics regarding the possible grant to MacroGenics of some or all of the following rights, it being understood and agreed that neither Party shall have any obligation to enter into any such arrangement and that if agreement is not reached within ******* after such request there shall be no further obligation on either Party to conduct further negotiations:

(i) Grant Back License with Respect to MacroGenics-Derived Terminated Agreement T-DARTs. The grant by Pfizer to MacroGenics of an exclusive or non-exclusive, worldwide, royalty-bearing license under the Pfizer Collaboration Patent Rights to use, have used, Develop, have Developed, Manufacture, have Manufactured, Commercialize, have Commercialized, import, have imported, export and have exported any MacroGenics-Derived Terminated Agreement T-DART and, in each case in the form in which such MacroGenics-Derived Terminated Agreement T-DART or related Agreement Product exists as of termination, for a commercially reasonable royalty rate and on terms and conditions regarding payment provisions based on the provisions of this Agreement regarding such matters as royalty term, adjustments, reports, audits and the like). "**Pfizer Collaboration Patent Right**" means any Pfizer Patent Right covering or claiming any invention made solely by Pfizer or any of its Affiliates in the course of performing the Research Program and "**MacroGenics-Derived Terminated Agreement T-DART**" means any Agreement T-DART for which (A) this Agreement is terminated by MacroGenics pursuant to Section 9.3, or by Pfizer pursuant to Section 9.4 and (B) MacroGenics provided Antibodies to Pfizer for the Research Project for such Agreement T-DART.

(ii) Inventory. MacroGenics obtaining Pfizer's inventory of any such MacroGenics-Derived Terminated Agreement T-DART and/or related Agreement Product.

(iii) Supply. Pfizer supplying MacroGenics with quantities of such MacroGenics-Derived Terminated Agreement T-DART and/or related Agreement Product for a limited period of time.

(iv) Trademarks. Pfizer providing with MacroGenics with certain rights in and to the Trademark(s) used in connection with any such MacroGenics-Derived Terminated Agreement T-DART and/or related Agreement Product (but not any Pfizer house marks or any trademark containing the word "Pfizer").

(v) Regulatory Filings and Approvals. Pfizer providing MacroGenics with certain rights in and regulatory filings and approvals with respect to and such MacroGenics-Derived Terminated Agreement T-DART and/or related Agreement Product.

(vi) No Obligation. For the avoidance of doubt, the description here of these possible arrangements shall not imply any obligation on either Party to enter into any such arrangement.

9.5.3. **Satisfaction of Obligations During Notice Period**. During the period from providing a notice of termination pursuant to Section 9.4 through the termination of the Agreement, the Parties shall continue to perform their obligations under this Agreement.

9.5.4. **Pending Dispute Resolution**. If a Party gives notice of termination under Section 9.3 and the other Party disputes whether such notice was proper, then the issue of whether this Agreement has been terminated shall be resolved in accordance with Section 11.9 and each Party shall continue to perform its obligations hereunder pending the conclusion of such dispute resolution proceeding. If as a result of such dispute resolution process it is determined that the notice of termination was proper, then such termination shall be effective immediately. If as a result of such dispute resolution process it is determined that the notice of termination was improper, then no termination shall have occurred and this Agreement shall remain in effect.

9.6. **Disposition of Inventories of Products**. Following termination of this Agreement with respect to one or more Agreement T-DARTs, Pfizer, its Affiliates and its Sublicensees shall have the right to continue to sell their existing inventories of Agreement Product(s) incorporating such Agreement T-DART(s) that have received Regulatory Marketing Approval prior to such termination for a period not to exceed ******* after the effective date of such termination or expiration and Pfizer shall pay any royalties payable in connection with such sales in accordance with Sections 5.4.4 and 5.5.

9.7. **Survival of Certain Obligations**. Expiration or termination of this Agreement shall not relieve the Parties of any obligation that accrued before such expiration or

termination. The following provisions shall survive expiration or termination of this Agreement: Sections 1, 2.11, 2.12, 2.13.3, 2.13.4, 2.13.5, 4.3, 5.2.5, 5.6, 5.7, 6.1.1, 6.2.1(e), 7, 8.6, 9.5, 9.6, 9.7, 9.8, 10 and 11.

9.8. **Right to Termination of Research Project(s) or Research Program by Pfizer upon Change of Control of MacroGenics**. If a Change of Control of MacroGenics is consummated during the Research Term, Pfizer shall have the right to terminate any Research Project or the Research Program in its entirety, at any time, upon written notice to MacroGenics within 30 days after consummation of such Change of Control of MacroGenics. Such termination of any Research Project or the Research Program (a) shall not constitute termination of this Agreement, (b) shall not affect the Parties' rights and obligations under this Agreement other than those relating to such Research Project or the Research Program and (c) shall not relieve either Party of any obligation that arose prior to such termination. Following any such termination of any Research Project or the Research Program, as applicable, Pfizer shall have no further funding obligation under Section 2 with respect to such Research Project or the Research Program, as applicable, other than that which may have accrued prior to such termination. For the avoidance of doubt, in the event that Pfizer terminates a Research Project or the Research Program in accordance with this Section 9.8, such termination will not be deemed to be a termination for cause under Section 9.3 or a termination without cause under Section 9.4, and the only effects of such termination are as set forth in this Section 9.8.

10. LIMITATION ON LIABILITY, INDEMNIFICATION AND INSURANCE.

10.1. **No Consequential Damages**. Except with respect to liability arising from a breach of Section 7, or to the extent such Party may be required to indemnify the other Party under this Section 10, in no event will either Party, its Affiliates, its Sublicensees or any of its, its Affiliates' or its Sublicensees' respective Representatives be liable under this Agreement for any special, indirect, incidental, consequential or punitive damages, whether in contract, warranty, tort, negligence, strict liability or otherwise, including loss of profits or revenue suffered by either Party or any of its respective Affiliates, agents or representatives. Without limiting the generality of the foregoing, "consequential damages" will be deemed to include, and neither Party will be liable to the other Party or any of such other Party's Affiliates, Representatives or stockholders for any damages based on or measured by loss of projected or speculative future sales of the Agreement Products, any Milestone Payment due upon any unachieved event under Section 5.2, any unearned royalties under Section 5.4 or any other unearned, speculative or otherwise contingent payments provided for in this Agreement.

10.2. **Indemnification by Pfizer**. Pfizer will indemnify, defend and hold harmless MacroGenics, each of its Affiliates, and each of its and its Affiliates' employees, officers, directors and agents (each, a "**MacroGenics Indemnified Party**") from and against any and all liability, loss, damage, expense (including reasonable attorneys' fees and expenses) and cost (collectively, a "**Liability**") that the MacroGenics Indemnified Party may be required to pay to one or more Third Parties resulting from or arising out of:

10.2.1. the Development, Manufacture, Commercialization or use of any Agreement T-DART or Agreement Product by, on behalf of, or under the authority of, Pfizer (other than by any MacroGenics Indemnified Party), other than claims for which MacroGenics is required to indemnify Pfizer pursuant to Section 10.3; or

10.2.2. the material breach by Pfizer of any of its representations, warranties or covenants set forth in Section 2.13.1, 8.1 or 8.3;

except, in each case, to the extent caused by the negligence, recklessness or intentional acts of MacroGenics or any MacroGenics Indemnified Party.

10.3. Indemnification by MacroGenics. MacroGenics will indemnify, defend and hold harmless Pfizer, its Affiliates, Sublicensees, contractors, distributors and each of its and their respective employees, officers, directors and agents (each, a "**Pfizer Indemnified Party**") from and against any and all Liabilities that the Pfizer Indemnified Party may be required to pay to one or more Third Parties resulting from or arising out of the material breach by MacroGenics of any of its representations, warranties or covenants set forth in Section 8.1 or 8.2, except to the extent caused by the negligence, recklessness or intentional acts of Pfizer or any Pfizer Indemnified Party.

10.4. **Procedure**.

10.4.1. **Notice**. Each Party will notify the other Party in writing in the event it becomes aware of a claim for which indemnification may be sought hereunder. In the event that any Third Party asserts a claim or other proceeding (including any governmental investigation) with respect to any matter for which a Party (the "**Indemnified Party**") is entitled to indemnification hereunder (a "**Third Party Claim**"), then the Indemnified Party shall promptly notify the Party obligated to indemnify the Indemnified Party (the "**Indemnifying Party**") thereof; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then only to the extent that) the Indemnifying Party is prejudiced thereby.

10.4.2. **Control**. Subject to Pfizer's right to control any actions described in Sections 6.2 (even where MacroGenics is the Indemnifying Party), the Indemnifying Party shall have the right, exercisable by notice to the Indemnified Party within ******* after receipt of notice from the Indemnified Party of the commencement of or assertion of any Third Party Claim, to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the Third Party Claim (including the right to settle the claim solely for monetary consideration) with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party; provided that (a) the Indemnifying Party has sufficient financial resources, in the reasonable judgment of the Indemnified Party, to satisfy the amount of any adverse monetary judgment that is sought, and

(b) the Indemnifying Party expressly agrees in writing that as between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be solely obligated to satisfy and discharge the Third Party Claim in full (the conditions set forth in clauses (a) and (b) above are collectively referred to as the "**Litigation Conditions**"). Within ******* after the Indemnifying Party has given notice to the Indemnified Party of its exercise of its right to defend a Third Party Claim, the Indemnified Party shall give notice to the Indemnifying Party of any objection thereto based upon the Litigation Conditions. If the Indemnified Party reasonably so objects, the Indemnified Party shall continue to defend the Third Party Claim, at the expense of the Indemnifying Party, until such time as such objection is withdrawn. If no such notice is given, or if any such objection is withdrawn, the Indemnifying Party shall be entitled, at its sole cost and expense, to assume direction and control of such defense, with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. During such time as the Indemnifying Party is controlling the defense of such Third Party Claim, the Indemnified Party shall cooperate, and shall cause its Affiliates and agents to cooperate upon request of the Indemnifying Party, in the defense or prosecution of the Third Party Claim, including by furnishing such records, information and testimony and attending such conferences, discovery proceedings, hearings, trials or appeals as may reasonably be requested by the Indemnifying Party. In the event that the Indemnifying Party does not satisfy the Litigation Conditions or does not notify the Indemnified Party of the Indemnifying Party's intent to defend any Third Party Claim within ten ******* after notice thereof, the Indemnified Party may (without further notice to the Indemnifying Party) undertake the defense thereof with counsel of its choice and at the Indemnifying Party's expense (including reasonable, out-of-pocket attorneys' fees and costs and expenses of enforcement or defense). The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to join in (including the right to conduct discovery, interview and examine witnesses and participate in all settlement conferences), but not control, at its own expense, the defense of any Third Party Claim that the other Party is defending as provided in this Agreement.

10.4.3. **Settlement**. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, enter into any compromise or settlement that commits the Indemnified Party to take, or to forbear to take, any action or declare that any Patent Right or Know-How is invalid or not properly owned or licensed by the Indemnified Party. The Indemnified Party shall have the sole and exclusive right to settle any Third Party Claim, on such terms and conditions as it deems reasonably appropriate, to the extent such Third Party Claim involves equitable or other non-monetary relief, but shall not have the right to settle such Third Party Claim to the extent such Third Party Claim involves monetary damages without the prior written consent of the Indemnifying Party. Each of the Indemnifying Party and the Indemnified Party shall not make any admission of liability in respect of any Third Party Claim without the prior written consent of the other Party, and the Indemnified Party shall use reasonable efforts to mitigate Liabilities arising from such Third Party Claim.

10.5. **Insurance**. Each Party shall obtain and maintain, during the Term, commercial general liability insurance, including products liability insurance, with reputable and financially secure insurance carriers (or pursuant to a program of self-insurance reasonably satisfactory to the other Party) to cover its indemnification obligations under Section 10.2 or Section 10.3, as applicable, in each case with limits of not less than *** and in the aggregate. Insurance shall be procured with carriers having an A.M. Best Rating of A-VII or better. The provisions of this Section 10.5 will survive for ***.

11. MISCELLANEOUS.

11.1. **Assignment**. MacroGenics may not assign this Agreement or any interest hereunder without the prior written consent of Pfizer, which consent will not be unreasonably withheld or delayed. Pfizer may not assign this Agreement or any interest hereunder without the prior written consent of MacroGenics, which consent will not be unreasonably withheld or delayed. Notwithstanding the foregoing, this Agreement may be assigned as follows: (a) either Party may assign its rights and obligations under this Agreement by way of sale of itself or the sale of the portion of its business to which this Agreement relates, through merger, sale of assets or sale of stock or ownership interest, provided that the assignee shall expressly agree to be bound by such Party's obligations under this Agreement and that such sale is not primarily for the benefit of its creditors and (b) either Party may assign its rights and obligations under this Agreement to any of its Affiliates, provided that the assignee shall expressly agree to be bound by such Party's obligations under this Agreement and that such Party shall remain liable for all of its rights and obligations under this Agreement. This Agreement shall be binding upon the successors and permitted assigns of the Parties and the name of a Party appearing herein shall be deemed to include the names of such Party's successors and permitted assigns to the extent necessary to carry out the intent of this Agreement. Any assignment not in accordance with this Section 11.1 shall be void.

11.2. **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 the Agreement.

11.3. **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 the prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues and the nonperforming Party takes Commercially Reasonable Efforts to remove the condition. For purposes of this Agreement, "force majeure" shall include conditions beyond the control of the Parties, including an act of God, voluntary or involuntary compliance with any regulation, Law or order of any government, war, act of terror, civil commotion, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe.

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

11.4. **Notices**. Any notice or notification required or permitted to be provided pursuant to the terms and conditions of this Agreement (including any notice of force majeure, breach, termination, change of address, etc.) shall be in writing and shall be deemed given upon receipt if delivered personally or by facsimile transmission (receipt verified), five (5) days after deposited in the mail if mailed by registered or certified mail (return receipt requested) postage prepaid, or on the next Business Day if sent by overnight delivery using a nationally recognized express courier service and specifying next Business Day delivery (receipt verified), to the Parties at the following addresses or facsimile numbers (or at such other address or facsimile number for a Party as shall be specified by like notice, provided, however, that notices of a change of address shall be effective only upon receipt thereof):

All correspondence to Pfizer shall be addressed as follows:

Pfizer Worldwide Research & Development
235 East 42nd Street
New York, NY 10017
Attention: ***

with a copy to:

Pfizer Inc.
445 Eastern Point Road, MS 8200-30
Groton, CT
Attention: ***

All correspondence to MacroGenics shall be addressed as follows:

MacroGenics, Inc.
1500 East Gude Drive Rockville, MD 20850
Attention: ***
Facsimile: ***

with a copy to:

Wilmer Cutler Pickering Hale and Dorr LLP
399 Park Avenue
New York, NY 10022
Attention: ***
Facsimile: ***

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

11.5. **Amendment**. No amendment, modification or supplement of any provision of this Agreement shall be valid or effective unless made in writing and signed by a duly authorized officer of each Party.

11.6. **Waiver**. No provision of this Agreement shall be waived by any act, omission or knowledge of a Party or its agents or employees except by an instrument in writing expressly waiving such provision and signed by a duly authorized officer of the waiving Party. The waiver by either of the Parties of any breach of any provision hereof by the other Party shall not be construed to be a waiver of any succeeding breach of such provision or a waiver of the provision itself.

11.7. **Severability**. If any clause or portion thereof in this Agreement is for any reason held to be invalid, illegal or unenforceable, the same shall not affect any other portion of this Agreement, as it is the intent of the Parties that this Agreement shall be construed in such fashion as to maintain its existence, validity and enforceability to the greatest extent possible. In any such event, this Agreement shall be construed as if such clause of portion thereof had never been contained in this Agreement, and there shall be deemed substituted therefor such provision as will most nearly carry out the intent of the Parties as expressed in this Agreement to the fullest extent permitted by Applicable Law.

11.8. **Descriptive Headings**. The descriptive headings of this Agreement are for convenience only and shall be of no force or effect in construing or interpreting any of the provisions of this Agreement.

11.9. **Dispute Resolution**. If any dispute or disagreement arises between Pfizer and MacroGenics in respect of this Agreement, they shall follow the following procedures in an attempt to resolve the dispute or disagreement:

11.9.1. The Party claiming that such a dispute exists shall give notice in writing ("**Notice of Dispute**") to the other Party of the nature of the dispute.

11.9.2.******* after receipt of a Notice of Dispute, the Pfizer Alliance Manager and the MacroGenics Alliance Manager shall meet in person or by teleconference and exchange written summaries reflecting, in reasonable detail, the nature and extent of the dispute, and at this meeting they shall use their reasonable endeavors to resolve the dispute.

11.9.3. If the Alliance Managers are unable to resolve the dispute during the meeting described in Section 11.9.2 or if for any reason such meeting does not take place within the period specified in Section 11.9.2, then the dispute will be referred to the JSC which shall meet no later than ******* following the initial receipt of the Notice of Dispute and use reasonable endeavors to resolve the dispute.

11.9.4. If the JSC is unable to resolve the dispute during the meeting described in Section 11.9.3 or if for any reason such meeting does not take place within the period specified in Section 11.9.3, then the Senior Executives shall meet at a mutually agreed-upon time and location for the purpose of resolving such dispute.

11.9.5. If, within *** initial receipt of the Notice of Dispute, the dispute has not been resolved, or if, for any reason, the meeting described in Section 11.9.4 has not been held within *** following initial receipt of the Notice of Dispute, then the Parties agree that either Party may initiate litigation to resolve the dispute.

11.9.6. Notwithstanding any provision of this Agreement to the contrary, either Party may immediately initiate litigation in any court of competent jurisdiction seeking any remedy at law or in equity, including the issuance of a preliminary, temporary or permanent injunction, to preserve or enforce its rights under this Agreement. The provisions of this Section 11.9 will survive for *** from the date of termination or expiration of this Agreement.

11.10. **Governing Law**. This Agreement, and all claims arising under or in connection therewith, shall be governed by and interpreted in accordance with the substantive laws of ***, without regard to conflict of law principles thereof.

11.11. **Consent to Jurisdiction**. Each Party to this Agreement, by its execution hereof, (a) hereby irrevocably submits to the exclusive jurisdiction of the state courts of the State *** of any and all actions, suits or proceedings arising in whole or in part out of, related to, based upon or in connection with this Agreement or the subject matter hereof, (b) hereby waives to the extent not prohibited by Applicable Law, and agrees not to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such action brought in one of the above-named courts should be dismissed on grounds of forum non conveniens, should be transferred to any court other than one of the above-named courts, or should be stayed by reason of the pendency of some other proceeding in any other court other than one of the above-named courts, or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (c) hereby agrees not to commence any such action other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise.

11.12. **Entire Agreement**. This Agreement constitutes and contains the complete, final and exclusive understanding and agreement of the Parties and cancels and supersedes any and all prior negotiations, correspondence, understandings and agreements, whether oral or written, between the Parties respecting the subject matter hereof and thereof, including the Confidentiality Agreement which is hereby terminated effective as of the Effective Date.

11.13. **Independent Contractors**. Both Parties are independent contractors under this Agreement. Nothing herein contained shall be deemed to create an employment, agency,

joint venture or partnership relationship between the Parties hereto or any of their agents or employees, or any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

11.14. **Counterparts**. This Agreement may be executed in two counterparts, each of which shall be an original and both of which shall constitute together the same document. Counterparts may be signed and delivered by facsimile or PDF file, each of which shall be binding when received by the applicable Party.

11.15. **No Third Party Rights or Obligations**. No provision of this Agreement shall be deemed or construed in any way to result in the creation of any rights or obligation in any Person not a Party to this Agreement. However, either Party may decide, in its sole discretion, to use one or more of its Affiliates to perform its obligations and duties hereunder, provided that such Party shall remain liable hereunder for the performance by any such Affiliates of any such obligations.

(The remainder of this page has been intentionally left blank. The signature page follows.)

*** = Portions of this exhibit have been omitted pursuant to a request for confidential treatment. An unredacted version of this exhibit has been filed separately with the Commission.

IN WITNESS WHEREOF, duly authorized representatives of the Parties have duly executed this Agreement to be effective as of the Effective Date.

PFIZER INC.		MACROGENICS, INC.	
By:	/s/ Dr. Mikael Dolsten	By:	/s/ Scott Koenig
Name:	Mikael Dolsten	Name:	Scott Koenig
Title:	President, Worldwide Research & Development	Title:	CEO

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EXHIBIT 2.3.1

FORM OF RESEARCH PLANS

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EXHIBIT 7.3.1

PRESS RELEASE

DRAFT

MacroGenics Enters Global Research Collaboration and License Agreement with Pfizer

ROCKVILLE, MD , 2010 /PRNewswire/ — MacroGenics, Inc, a leader in next-generation antibody platforms and therapeutics, announced today that it has entered into a global research collaboration and license agreement with Pfizer Inc. to discover, develop and commercialize Dual-Affinity Re-Targeting (DART™) products directed at two undisclosed cancer targets. MacroGenics' DART technology is a proprietary, bi-specific antibody platform in which a single recombinant molecule is able to target two different antigens. These DART proteins are amenable to several applications and can potentially be used to redirect the body's cell-destroying, immune effector cells against tumor cells.

"MacroGenics' DART candidates represent a promising new approach to potentially expand treatment options for cancer patients, and we look forward to a collaborative partnership with MacroGenics," stated Dr. Mikael Dolsten, Senior Vice President & President, Worldwide Research and Development, Pfizer. "MacroGenics has established the versatility of its novel DART platform by generating a large array of DART proteins against a variety of different targets."

"We are delighted to establish this strategic collaboration with Pfizer," said Dr. Scott Koenig, MacroGenics' President and Chief Executive Officer. "As we continue to make significant progress in the development of our pipeline of best-in-class product candidates for cancer, autoimmune disease, and infectious disease, this collaboration with Pfizer further validates the promise of our DART platform."

Under the terms of the agreement, MacroGenics will receive an upfront cash payment and research funding. In addition, MacroGenics will be eligible to receive escalating preclinical, clinical, regulatory and commercial milestone payments as well as tiered royalties on sales of products resulting from the collaboration. Further details of the agreement have not been disclosed.

DART Background

MacroGenics' DART technology enables the generation of highly stable antibody-based therapeutic molecules that can simultaneously target two different antigens. DART therapeutics can accommodate virtually any variable region sequence in a "plug-and-play" fashion, are potent, and have very favorable manufacturing properties. To date, the company has engineered over 65 different DART proteins and has completed multiple in vitro and in vivo proof-of-concept studies in a variety of disease models. The company has been able to produce DART

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proteins in both bacterial and mammalian expression systems. DARTs also have been engineered with an Fc domain, which confers them with additional properties, such as Fc receptor binding and extended half-life. This functionality can be further expanded with the inclusion of MacroGenics' proprietary Fc domain portfolio. MacroGenics has established and continues to expand a significant patent estate around its DART technology.

About MacroGenics

MacroGenics is a private, venture-backed biotechnology company that focuses on the discovery, development and delivery to patients of novel biologics for autoimmune disorders, cancer and infectious diseases. Since its founding in 2000, the company has built a fully-integrated set of capabilities in antibody-based product development. The company has generated a proprietary pipeline of innovative product candidates by leveraging its three core technology platforms. These proprietary platforms include: (1) cancer stem-like cells; (2) DART technology, which allows the company to incorporate multiple specificities within a single molecule; and (3) Fc optimization, which enhances antibody-dependent effector functions. The company's lead program, teplizumab, is an anti-CD3 antibody. Teplizumab is being investigated in Phase 3 trials for the treatment of autoimmune diseases in collaboration with Eli Lilly and Company. For more information about MacroGenics, please visit www.macrogenics.com.

Statements made in this news release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "intends," and similar expressions are intended to identify forward-looking statements. Actual results may differ materially from those projected in any forward-looking statement. Specifically, there are a number of important factors that could cause actual results to differ materially from those anticipated, such as the Company's ability to raise additional capital, and risks related to the Company's ability to initiate, and enroll patients in, planned clinical trials. You should not place undue reliance on any forward-looking statements. The Company assumes no obligation to update any forward-looking statements as a result of new information, future events or developments, except as required by law.

Contacts:

Scott Koenig, M.D., Ph.D., President and CEO¶
or Jim Karrels, Vice President, CFO¶
both of MacroGenics, Inc., +1-301-251-5172, info@macrogenics.com

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SCHEDULE 1.19 ***

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SCHEDULE 1.34 ***

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SCHEDULE 1.80 *

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SCHEDULE 1.125 ***

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SCHEDULE 2.10

SUBCONTRACTORS***

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SCHEDULE 8.2.3

Patent Rights of MacroGenics

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SCHEDULE 8.2.8

FUNDING AGREEMENTS

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SCHEDULE 8.2.13

LITIGATION

1. The Mayo Clinic has asserted that MacroGenics is required to obtain a license under US Patent 5,023,171, (the “171 Patent”) which is assigned to the Mayo Clinic and expired in 2009, for research methods conducted according to the following publicly available documents:

- US Patent Application UA2007/0004909 (assigned to MacroGenics)

- Johnson et al., J. Mol. Biol. 399:436-449, 2010, “Effector Cell Recruitment with Novel Fv-based Dual-affinity Re-targeting Protein Leads to Potent Tumor Cytolysis and in Vivo B-cell Depletion”

2. Invitrogen, Inc. has asserted that MacroGenics is required to obtain a commercial license to produce clinical and commercial material using progeny cells derived from *** cells previously purchased from Invitrogen by MacroGenics.

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated March 8, 2013, except for the third paragraph of Note 12, as to which the date is September 26, 2013, in Amendment No. 3 to the Registration Statement (Form S-1 No. 333-190994) and related Prospectus of MacroGenics, Inc. for the registration of shares of its common stock.

/s/ Ernst & Young LLP

McLean, Virginia
October 4, 2013

ARNOLD & PORTER LLP

Richard E. Baltz
Richard.Baltz@aporter.com
+1 202.942.5124
+1 202.942.5999 Fax
555 Twelfth Street, NW
Washington, DC 20004-1206

October 4, 2013

VIA EDGAR SUBMISSION

Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549

Attention: Jeffrey P. Riedler

Re: MacroGenics, Inc.
Registration Statement on Form S-1
Filed September 20, 2013
File No. 333-190994

Ladies and Gentlemen:

On behalf of MacroGenics, Inc. (the "Company"), set forth below is the Company's response to the comment letter dated October 3, 2013 provided by the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") to the Company regarding Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-190994) (the "Registration Statement") and the prospectus included therein (the "Prospectus").

We also describe below the changes that we have made in response to the Staff's comments in the Amended Registration Statement on Form S-1/A (the "Amended Registration Statement") that the Company filed on October 4, 2013. For your convenience, the Staff's comment is presented in italicized text below, and followed by the Company's proposed response.

On behalf of the Company, we advise you as follows:

Teplizumab: Fc-Modified Antibody for Type 1 Diabetes, page 104

1. Given that you are actively seeking a collaborator for development of Teplizumab and that the drug appears on your product chart in the prospectus summary, please disclose the details about your active IND for this product candidate on page 104. Please include the filer, sponsor, indication and date of filing.

Response: In response to the Staff's comment, the Company has added the following disclosure regarding the IND for teplizumab on page 104 of the Registration Statement:

"The At-Risk study is being conducted under an IND filed and sponsored by MacroGenics, pursuant to IND 102,629 filed on December 23, 2009. The clinical study is being conducted by NIDDK at TrialNet clinical sites. NIDDK, in conjunction with TrialNet, prepared the clinical protocol and is responsible for training and monitoring the clinical sites. MacroGenics officially transferred these sponsor responsibilities to NIDDK in its initial IND submission. Under FDA regulations, MacroGenics remains responsible for submitting the appropriate documents to the IND, including but not limited to, IND Annual Reports, expedited reports, revised clinical protocols provided by NIDDK, and new clinical investigator information."

* * *

The Company acknowledges that:

- it is responsible for the adequacy and accuracy of the disclosures in its filings;
- Staff comments or changes to disclosure in response to Staff comments in its filings do not foreclose the Commission from taking any action with respect to the Company's filings; and
- It may not assert Staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

If you have any further questions or comments, or if you require any additional information, please contact the undersigned by telephone at (202) 942-5124 or by email at richard.baltz@aporter.com. Thank you for your assistance.

Sincerely,

/s/ Richard E. Baltz

Richard E. Baltz