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

FORM 10-Q

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from _____ to _____

Commission File Number: 001-36112

MACROGENICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**06-1591613**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
9704 Medical Center Drive, Rockville, Maryland	**20850**
(Address of principal executive offices)	**(Zip code)**

301-251-5172
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "accelerated filer," "large 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	☐

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

As of April 29, 2016, the number of outstanding shares of the registrant's common stock, par value $0.01 per share, was 34,545,592 shares.

TABLE OF CONTENTS

PART I.	**FINANCIAL INFORMATION**
Item 1.	Financial Statements
	Consolidated Balance Sheets at March 31, 2016 (unaudited) and December 31, 2015
	Consolidated Statements of Operations and Comprehensive Income (Loss) for the three months ended March 31, 2016 and March 31, 2015 (unaudited)
	Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and March 31, 2015 (unaudited)
	Notes to Consolidated Financial Statements (unaudited)
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 3.	Quantitative and Qualitative Disclosures about Market Risk
Item 4.	Controls and Procedures
PART II.	**OTHER INFORMATION**
Item 1A.	Risk Factors
Item 6.	Exhibits
	Signatures

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. 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 heading "Management's Discussion and Analysis of Financial Condition and Results of Operaions". 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 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, 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 enter into new collaborations or 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 ability to protect and enforce patents and other intellectual property;
- costs of compliance and our potential failure to comply with new and existing governmental regulations including, but not limited to, tax regulations;
- loss or retirement of key members of management; and
- failure to successfully execute our growth strategy, including any delays in our planned future growth.

The factors, risks and uncertainties referred to above and others are more fully described under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. You should not place undue reliance on forward-looking statements. The forward-looking statements contained herein represent our judgment as of the date of this report. 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 except as required by law.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MACROGENICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 151,952	$ 196,172
Marketable securities	152,496	142,877
Accounts receivable	2,512	1,224
Prepaid expenses	1,703	1,806
Other current assets	603	305
Total current assets	309,266	342,384
Property and equipment, net	14,347	14,841
Other assets	2,044	2,044
Total assets	$ 325,657	$ 359,269
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,118	$ 2,967
Accrued expenses	9,687	11,708
Deferred revenue	4,919	5,866
Lease exit liability	2,083	2,020
Other liabilities	–	727
Total current liabilities	17,807	23,288
Deferred revenue, net of current portion	11,685	12,631
Lease exit liability, net of current portion	2,142	2,693
Deferred rent liability	7,041	7,320
Other liabilities	727	–
Total liabilities	39,402	45,932
Stockholders' equity:		
Common stock, $0.01 par value – 125,000,000 shares authorized, 34,536,621 and 34,345,754 shares outstanding at March 31, 2016 and December 31, 2015, respectively	345	343
Additional paid-in capital	550,407	547,185
Accumulated deficit	(264,549)	(234,186)
Accumulated other comprehensive income (loss)	52	(5)
Total stockholders' equity	286,255	313,337
Total liabilities and stockholders' equity	$ 325,657	$ 359,269

See accompanying notes.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(unaudited)
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2016	**2015**
Revenues:		
Revenue from collaborative agreements	$ 1,893	$ 71,165
Revenue from government agreements	953	114
Total revenues	2,846	71,279
Costs and expenses:		
Research and development	27,346	21,464
General and administrative	6,133	4,683
Total costs and expenses	33,479	26,147
Income (loss) from operations	(30,633)	45,132
Other income (expense)	270	(3)
Net income (loss)	(30,363)	45,129
Other comprehensive income (loss):		
Unrealized gain (loss) on investments	57	-
Comprehensive income (loss)	$ (30,306)	$ 45,129
Basic net income (loss) per common share	$ (0.88)	$ 1.53
Diluted net income (loss) per common share	$ (0.88)	$ 1.42
Basic weighted average common shares outstanding	34,503,845	29,415,768
Diluted weighted average common shares outstanding	34,503,845	31,684,174

See accompanying notes.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2016	**2015**
Cash flows from operating activities		
Net income (loss)	$ (30,363)	$ 45,129
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	1,771	546
Share-based compensation	3,001	1,631
Changes in operating assets and liabilities:		
Accounts receivable	(1,287)	1,216
Prepaid expenses	103	594
Other assets	(298)	–
Accounts payable	(388)	(225)
Accrued expenses	(1,788)	(929)
Lease exit liability	(488)	(396)
Deferred revenue	(1,893)	(3,949)
Deferred rent	(280)	(24)
Net cash provided by (used in) operating activities	(31,910)	43,593
Cash flows from investing activities		
Purchases of marketable securities	(83,116)	–
Proceeds from sale and maturities of marketable securities	73,413	–
Purchases of property and equipment	(2,831)	(997)
Net cash used in investing activities	(12,534)	(997)
Cash flows from financing activities		
Proceeds from issuance of common stock, net of offering costs	–	62,692
Proceeds from stock option exercises	224	255
Net cash provided by financing activities	224	62,947
Net change in cash and cash equivalents	(44,220)	105,543
Cash and cash equivalents at beginning of period	196,172	157,591
Cash and cash equivalents at end of period	$ 151,952	$ 263,134

See accompanying notes.

MACROGENICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation and Recently Issued Accounting Standards

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of MacroGenics, Inc. (the Company) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. The financial statements include all adjustments (consisting only of normal recurring adjustments) that the management of the Company believes are necessary for a fair presentation of the periods presented. These interim financial results are not necessarily indicative of results expected for the full fiscal year or for any subsequent interim period.

The accompanying unaudited interim consolidated financial statements include the accounts of MacroGenics, Inc. and its wholly owned subsidiary, MacroGenics UK Limited. All intercompany accounts and transactions have been eliminated in consolidation. These consolidated financial statements and related notes should be read in conjunction with the financial statements and notes thereto included in the Company's 2015 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 29, 2016.

There have been no material changes to the significant accounting policies previously disclosed in the Company's 2015 Annual Report on Form 10-K other than the adoption of ASU No. 2015-17, *Income Taxes, Balance Sheet Classification of Deferred Taxes,* as disclosed in the Recently Issued Accounting Standards section below. The new guidance requires all deferred tax assets and liabilities to be classified as noncurrent on the balance sheet.

Recently Issued Accounting Standards

In November 2015, the Financial Accounting Standards Board (FASB) issued ASU No. 2015-17, *Income Taxes, Balance Sheet Classification of Deferred Taxes* (ASU 2015-17). ASU 2015-17 requires entities to present deferred tax assets and deferred tax liabilities as noncurrent on a classified balance sheet. ASU 2015-17 is effective for annual and interim reporting periods after December 15, 2016 and companies are permitted to apply ASU 2015-17 either prospectively or retrospectively. Early adoption of ASU 2015-17 is permitted. The Company adopted ASU 2015-17 on a prospective basis in the first quarter of 2016, resulting in the reclassification of $0.7 million of current deferred tax liabilities to noncurrent on the accompanying consolidated balance sheet. The prior reporting period was not retrospectively adjusted. The adoption of this guidance had no impact on the Company's results of operations or cash flows.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09) as modified by ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date* (ASU 2014-14). ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current GAAP and replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017 and interim periods therein. Early adoption at the original effective date, for interim and annual reporting periods beginning after December 15, 2016, will be permitted. The new standard may be adopted either retrospectively or on a modified retrospective basis whereby the new standard would be applied to new contracts and existing contracts with remaining performance obligations as of the effective date, with a cumulative catch-up adjustment recorded to beginning retained earnings at the effective date for existing contracts with remaining performance obligations. Management is currently assessing which adoption method will be selected and what effect the adoption of ASU 2014-09 will have on the Company's consolidated financial statements and accompanying notes.

In February 2016, FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02) that provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires a lessee to recognize assets and liabilities on the balance sheet for operating leases and changes many key definitions, including the definition of a lease. ASU 2016-02 includes a short-term lease exception for leases with a term of 12 months or less, in which a lessee can make an accounting policy election not to recognize lease assets and lease liabilities. Lessees will continue to differentiate between finance leases (previously referred to as capital leases) and operating leases, using classification criteria that are substantially similar to the previous guidance. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with earlier application permitted. The Company is currently evaluating the effect of the standard on its consolidated financial statements and related disclosures.

2. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued expenses. The carrying amount of accounts receivable, accounts payable and accrued expenses are generally considered to be representative of their respective fair values because of their short-term nature. The Company accounts for recurring and non-recurring fair value measurements in accordance with FASB Accounting Standards Codification (ASC) 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 measured at fair value on a recurring basis were as follows (in thousands):

	Fair Value Measurements at March 31, 2016			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Money market funds	$ 64,820	$ 64,820	$ –	$ –
U.S. Treasury securities	9,311	–	9,311	–
Government-sponsored enterprises	33,670	–	33,670	–
Corporate debt securities	139,008	–	139,008	–
Total assets measured at fair value[(a)]	$ 246,809	$ 64,820	$ 181,989	$ –

(a) Total assets measured at fair value at March 31, 2016 includes approximately $94.3 million reported in cash and cash equivalents on the balance sheet.

	Fair Value Measurements at December 31, 2015			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Money market funds	$ 62,353	$ 62,353	$ –	$ –
U.S. Treasury securities	9,349	–	9,349	–
Government-sponsored enterprises	41,202	–	41,202	–
Corporate debt securities	137,928	–	137,928	–
Total assets measured at fair value[(a)]	$ 250,832	$ 62,353	$ 188,479	$ –

(a) Total assets measured at fair value at December 31, 2015 includes approximately $108.0 million reported in cash and cash equivalents on the balance sheet.

The fair value of Level 2 securities is determined from market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data.

3. Investments

Available-for-sale investments as of March 31, 2016 and December 31, 2015 were as follows (in thousands):

	March 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 9,307	$ 4	$ -	$ 9,311
Government-sponsored enterprises	28,662	10	-	28,672
Corporate debt securities	114,475	47	(9)	114,513
Total	$ 152,444	$ 61	$ (9)	$ 152,496

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 9,354	$ 1	$ (6)	$ 9,349
Government-sponsored enterprises	22,055	1	(9)	22,047
Corporate debt securities	111,473	42	(34)	111,481
Total	$ 142,882	$ 44	$ (49)	$ 142,877

All of the Company's available-for-sale investments held at March 31, 2016 and December 31, 2015 had maturity dates of less than one year, and all available-for-sale investments in an unrealized loss position as of March 31, 2016 and December 31, 2015 were in a loss position for less than twelve months. There were no unrealized losses at March 31, 2016 or December 31, 2015 that the Company determined to be other-than-temporary.

4. 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.*

The Company undertook restructuring activities related to the acquisition of Raven. In connection with these restructuring activities, as part of the cost of acquisition, the Company established a restructuring liability attributed to an existing operating lease. The terms of the operating lease extend into 2018.

Changes in the lease exit liability are as follows (in thousands):

Accrual balance at December 31, 2015	$ 4,713
Principal payments	(488)
Accrual balance at March 31, 2016	$ 4,225

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 may include 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 $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. No additional amounts were recorded during the three months ended March 31, 2016 and 2015.

5. Collaboration and OtherAgreements

Janssen Biotech, Inc.

In December 2014, the Company entered into a collaboration and license agreement with Janssen Biotech, Inc. (Janssen) for the development and commercialization of MGD011 (also known as JNJ-64052781), a product candidate that incorporates the Company's proprietary Dual Affinity Re-Targeting (DART) technology to simultaneously target CD19 and CD3 for the potential treatment of B-cell hematological malignancies. The Company contemporaneously entered into an agreement with Johnson & Johnson Innovation - JJDC, Inc. (JJDC) under which JJDC agreed to purchase 1,923,077 new shares of the Company's common stock for proceeds of $75.0 million. Upon closing the transaction in January 2015, the Company received a $50.0 million upfront payment from Janssen as well as the $75.0 million investment in the Company's common stock.

Under the collaboration and license agreement, the Company granted an exclusive license to Janssen to develop and commercialize MGD011. Following the Company's submission of the Investigational New Drug (IND) application for MGD011, Janssen became fully responsible for the development and commercialization of MGD011. Assuming successful development and commercialization, the agreement entitled the Company to receive up to $205.0 million in clinical milestone payments, $220.0 million in regulatory milestone payments and $150.0 million in sales milestone payments. The Company determined that each potential future clinical and regulatory milestone is substantive. Although the sales milestones are not considered substantive, they will be 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. The Company may elect to fund a portion of late-stage clinical development in exchange for a profit share with Janssen in the U.S. and Canada. If commercialized, the Company would be eligible to receive low double-digit royalties on any global net sales and has the option to co-promote the molecule with Janssen in the United States.

The Company evaluated the collaboration and license agreement with Janssen and determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company's substantive performance obligations under the collaboration and license agreement include the delivery of an exclusive license and research and development services during the pre-clinical research period (through the filing of the IND for MGD011). The Company evaluated the collaboration and license agreement with Janssen and determined that the license and pre-clinical research and development activities represented one unit of accounting, and thus the total arrangement consideration was allocated using the relative selling price method to the deliverables. After identifying the deliverables included within the arrangement, the Company determined its best estimate of selling price for each of the deliverables. The best estimate of selling price for the exclusive license was determined using a discounted cash flow model that includes Level 3 fair value measurements. The best estimate of selling price for the research and development services was determined using third party evidence of other similar research and development arrangements, which are Level 2 fair value measurements.

The Company evaluated the stock purchase agreement and the collaboration and license agreement as one arrangement and determined that the stock purchase price of $39.00 per share exceeded the fair value of the common stock by $12.3 million. This excess was recognized in the same manner as the upfront payment. Of the total arrangement consideration of $125.0 million, the Company allocated $62.7 million to equity (representing the fair value of common stock purchased), $62.3 million to the license and pre-clinical research and development activities, and a de minimis amount to the ongoing research and development activities. The Company submitted the IND and therefore met its performance obligation during the year ended December 31, 2015.

In July 2015, Janssen dosed the first patient in an open-label Phase 1 study of MGD011 which triggered a $10.0 million milestone to the Company. During the three months ended March 31, 2015, the Company recognized revenues of approximately $62.3 million under the agreement.

Takeda Pharmaceutical Company Limited

In May 2014, the Company entered into a license and option agreement with Takeda Pharmaceutical Company Limited (Takeda) for the development and commercialization of MGD010, a product candidate that incorporates the Company's proprietary DART technology to simultaneously engage CD32B and CD79B, which are two B-cell surface proteins. MGD010 is being developed for the treatment of autoimmune disorders. Upon execution of the agreement, Takeda made a non-refundable payment of $15.0 million to the Company. Takeda has an option to obtain an exclusive worldwide license for MGD010 following the completion of a pre-defined Phase 1a study. The Company will lead all product development activities until that time. If Takeda exercises its option, it will assume responsibility for future development and pay the Company a license fee of $15.0 million. Assuming successful development and commercialization of MGD010, the Company is eligible to receive up to $93.0 million in clinical and regulatory milestone payments and $375.5 million in sales milestone payments. If commercialized, the Company would receive low double-digit to high-teen royalties on any global net sales and has the option to co-promote MGD010 with Takeda in the United States. Finally, the Company may elect to fund a portion of Phase 3 clinical development in exchange for a North American profit share.

The Company evaluated the license and option agreement with Takeda and has determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company's substantive performance obligations under the license and option agreement include exclusivity, research and development services through the Phase 1a study and delivery of a future license for an initial research compound. The Company concluded that the MGD010 option is substantive and that the license fee payable upon exercise of the option is not a deliverable at the inception of the arrangement as there is considerable uncertainty that the option would be exercised. The Company determined that each potential future clinical 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. The Company determined that these performance obligations represent a single unit of accounting, because the exclusivity clause does not have stand-alone value to Takeda without the Company's technical expertise and development through the pre-defined Phase 1a study.

After identifying the deliverables included within the arrangement, the Company determined its best estimate of selling price. The Company allocated $10.0 million to the exclusivity clause to its technology and the research and development services and $5.0 million to the exclusive license for the initial research compound. The Company's determination of best estimate of selling price for the research and development services relied upon other similar transactions. The Company relied upon the income approach (e.g., discounted future cash flows) to determine the value of the license of the to-be-delivered compound along with other similar license transactions with differing indications but similar stage of development. The portion of the up-front fee allocated to the MGD010 option was being recognized over an initial 24-month period, which represented the expected period of development through the

completion of a pre-defined Phase 1a study. During the first quarter of 2016, the Company determined that the development period will be extended by eight months, and prospectively adjusted the MGD010 option fee recognition period. The portion of the up-front fee allocated to the license for the initial research compound was deferred until the research collaboration and license option agreement was executed and the license delivered in September 2014.

The Company recognized revenue of approximately $0.9 million and $4.3 million under the MGD010 agreement during the three months ended March 31, 2016 and 2015, respectively. Revenue recognized during the three months ended March 31, 2015 included a $3.0 million milestone payment received upon initiation of a Phase 1a trial of MGD010. At March 31, 2016, $1.1 million of revenue was deferred under this agreement, all of which was current. At December 31, 2015, $2.1 million of revenue was deferred under this agreement, all of which was current.

In September 2014, the Company and Takeda executed a research collaboration and license option agreement, which formalized the license for the initial research compound contemplated in the May 2014 arrangement. Under the terms of the agreement, Takeda may identify up to three additional compounds, which will be subject to separate research and development plans. The Company determined that it could recognize the entire license fee allocated to this agreement as (1) the executed contract constituted persuasive evidence of an arrangement, (2) the delivery of the license occurred and the Company had no current or future performance obligations, (3) the total consideration for the license was fixed and known at the time of its execution and there were not any extended payment terms or rights of return, and (4) the cash was received. The Company is also entitled to receive reimbursements for research and development services provided to Takeda with respect to the initial research compound under a separate research plan. The Company recognized revenue of approximately $0.3 million under this agreement during the three months ended March 31, 2015. Takeda terminated its option to license the first program under this research collaboration agreement in 2015 and retains an option for three others.

Les Laboratoires Servier

In September 2012, the Company entered into a right-to-develop collaboration agreement with Les Laboratoires Servier and Institut de Recherches Servier (collectively, Servier) and granted it options to obtain three separate exclusive licenses to develop and commercialize DART molecules, consisting of those designated by the Company as MGD006 (also known as S80880) 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 $20.0 million to the Company. In addition, the Company will be eligible to receive up to $65.0 million in license fees, $98.0 million in clinical milestone payments, including $5.0 million upon IND acceptance for each of MGD006, MGD007 and a third DART molecule, $300.0 million in regulatory milestone payments and $630.0 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 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 from low double-digit to mid-teen royalties on net product sales in its territories.

The Company evaluated the research collaboration agreement with Servier and 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 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 upfront license payment was deferred and initially recognized ratably over a 29-month period, which represented the expected development period. During 2014, the Company and Servier further refined the research plan related to the three DART molecules and as such, the development period was extended. Based on this revised development period, the Company prospectively adjusted its period of recognition of the upfront payment to a 75-month period.

During 2014, Servier exercised its exclusive option to develop and commercialize MGD006. As a result of the exercise, the Company received a $15.0 million payment from Servier for its license to develop and commercialize MGD006 in its territories. Upon exercise of the option, the Company evaluated its performance obligations with respect to the license for MGD006. The Company's substantive performance obligations under this research collaboration include an exclusive license to its technology, technical, scientific and intellectual property support to the research plan and participation on an executive committee and a research and development committee. The Company determined that the performance obligations with respect to the 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 $15.0 million license fee was deferred and is being recognized ratably over a period of 82 months, which represents the expected development period for MGD006. In accordance with the agreement, the Company and Servier will share costs incurred to develop MGD006. Reimbursement of research and development expenses received in connection with this collaborative cost-sharing agreement is recorded as a reduction to research and development expense. During the three months ended March 31, 2016 and 2015, the Company recorded approximately $0.5 million and $0.3 million as an offset to research and development costs under this collaboration arrangement, respectively.

The Company recognized revenue of $0.8 million during each of the three-month periods ended March 31, 2016 and 2015 under this agreement. At March 31, 2016, $13.5 million of revenue was deferred under this agreement, $3.3 million of which was current and $10.2 million of which was non-current. At December 31, 2015, $14.4 million of revenue was deferred under this agreement, $3.3 million of which was current and $11.1 million of which was non-current.

Green Cross Corporation

In June 2010, the Company entered into a collaboration agreement with Green Cross Corporation (Green Cross) for the development of the Company's anti-HER2 antibody 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. In March 2014, the Company and Green Cross entered into an amendment to the original agreement, causing the terms of the original agreement to be materially modified.

Upon execution of the amendment, the Company became eligible to receive reimbursement for costs incurred for Phase 2 and Phase 3 clinical trials up to $5.5 million as well as clinical development and commercial milestone payments of up to $2.5 million. The Company 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 companies collaborate under the agreement.

The Company evaluated the collaboration agreement with Green Cross and determined that it is a revenue arrangement with multiple deliverables or performance obligations. As a result of the material modification to the arrangement in March 2014, the Company reassessed the entire arrangement in accordance with the guidance provided by ASC 605-25, *Multiple Element Arrangements (Revenue Recognition)* as the original agreement was accounted for prior to adopting ASU 2009-13. The Company's substantive performance obligations under this agreement include an exclusive license to its technologies, research and development services, and participation in a joint steering committee. The Company concluded that the license and the reimbursements for research and development services do not have value on a standalone basis and therefore do not represent a separate unit of accounting.

The initial $1.0 million upfront payment received by the Company upon execution of the original agreement 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. Further, due to the fact the research and development services are not deemed to have stand-alone value, revenue for those services will be recognized over the entire term of the agreement (through June 2020). As a result of reassessing the arrangement in accordance with ASC 605-25, the Company was required to record an adjustment on the date of the material modification to reflect the revenue that would have resulted had the entity applied the requirements of ASC 605-25 from the inception of the agreement. As a result, the Company recorded an additional $1.3 million of revenue during 2014.

The Company recognized revenues of approximately $0.1 million during each of the three-month periods ended March 31, 2016 and 2015 under this agreement.

At March 31, 2016, $1.9 million of revenue was deferred under this agreement, $0.4 million of which was current and $1.5 million of which was non-current. At December 31, 2015, $2.0 million of revenue was deferred under this agreement, $0.4 million of which was current and $1.6 million of which was non-current.

NIAID Contract

The Company entered into a contract with the National Institute of Allergy and Infectious Diseases (NIAID), effective as of September 15, 2015, to perform product development and to advance up to two DART molecules, including MGD014. Under this contract, the Company will develop these product candidates for Phase 1/2 clinical trials as therapeutic agents, in combination with latency reversing treatments, to deplete cells infected with human immunodeficiency virus (HIV) infection. This contract includes a base period of $7.5 million to support development of MGD014 through IND application submission with the FDA, as well as up to $17.0 million in additional development funding via NIAID options. Should NIAID fully exercise such options, the Company could receive total payments of up to $24.5 million. The total potential period of performance under the award is from September 15, 2015 through September 14, 2022. The Company recognized $0.9 million in revenue under this contract during the three months ended March 31, 2016.

6. Stock-Based Compensation

Under the provisions of the Company's 2013 Stock Incentive Plan (2013 Plan), 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 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 the Board of Directors. During the three months ended March 31, 2016, the maximum number of shares of common stock authorized to be issued by the Company under the 2013 Plan was increased to 5,375,064. As of March 31, 2016 there were options to purchase an aggregate of 2,544,391 shares of common stock outstanding at a weighted average exercise price of $26.51 per share under the 2013 Plan.

The following stock-based compensation amounts were recognized for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2016	**2015**
Research and development	$ 1,396	$ 810
General and administrative	1,605	821
Total stock-based compensation expense	$ 3,001	$ 1,631

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:

	Three Months Ended March 31,	
	2016	**2015**
Expected dividend yield	0%	0%
Expected volatility	64 %	74 %
Risk-free interest rate	1.5% - 2.1%	1.6% - 2.0%
Expected term	6.25 years	6.25 years

The following table summarizes stock option and restricted stock unit (RSU) activity during the three months ended March 31, 2016:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2015	4,146,064	$ 16.90	7.4	
Granted	110,125	14.42		
Exercised	(190,867)	1.18		
Forfeited or expired	(46,598)	29.07		
Outstanding, March 31, 2016	4,018,724	17.44	7.4	$ 27,049
As of March 31, 2016:				
Exercisable	1,984,117	9.50	5.9	22,670
Vested and expected to vest	3,782,077	17.06	7.3	26,382

The weighted-average grant-date fair value of options granted for the three months ended March 31, 2016 was $12.82. The total intrinsic value of options exercised during the three months ended March 31, 2016 was approximately $4.3 million, and the total cash received for options exercised was approximately $0.2 million. The total fair value of shares vested in the three months ended March 31, 2016 was approximately $2.0 million. As of March 31, 2016, the total unrecognized compensation expense related to non-vested stock options, net of related forfeiture estimates, was approximately $28.1 million, which the Company expects to recognize over a weighted-average period of approximately three years.

7. Net Income (Loss) Per Share

Basic income (loss) per common share is determined by dividing income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted income (loss) per share is computed by dividing the income (loss) attributable 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 stock option grants. 1,415,558 and 2,719,339 stock options (common stock equivalents) were excluded from the calculation of diluted income (loss) per share for the three months ended March 31, 2016 and 2015, respectively, because their inclusion would have been anti-dilutive.

Basic and diluted income (loss) per common share is computed as follows (in thousands except share and per share data):

	Three Months Ended March 31,	
	2016	2015
Numerator:		
Net income (loss) used for calculation of basic and diluted EPS	$ (30,363)	$ 45,129
Denominator:		
Weighted average shares outstanding, basic	34,503,845	29,415,768
Effect of dilutive securities:		
Stock options and restricted stock units	-	2,268,406
Weighted average shares outstanding, diluted	34,503,845	31,684,174
Net income (loss) per share, basic	$ (0.88)	$ 1.53
Net income (loss) per share, diluted	$ (0.88)	$ 1.42

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations is based upon our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, which have been prepared by us in accordance with GAAP, for interim periods and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended. This discussion and analysis should be read in conjunction with these unaudited consolidated financial statements and the notes thereto as well as in conjunction with our audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Overview

We are a biopharmaceutical company focused on discovering and developing innovative antibody-based therapeutics for the treatment of cancer as well as various autoimmune disorders and infectious diseases. We currently have a pipeline of product candidates in human clinical testing, primarily against different types of cancers, which have been created primarily using our proprietary technology platforms. We believe our programs have the potential to have a meaningful effect on treating patients' unmet medical needs as monotherapy or, in some cases, in combination with other therapeutic agents.

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 public and private offerings of our securities, collaborations, government grants and government contracts. Although it is difficult to predict our funding requirements, based upon our current operating plan, we anticipate that our cash, cash equivalents and investments as of March 31, 2016, combined with collaboration payments we anticipate receiving, will enable us to fund our operations into 2018, assuming all of our collaboration programs advance as currently contemplated.

Through March 31, 2016, we had an accumulated deficit of $264.5 million. We expect that over the next several years this deficit will increase as we increase our expenditures in research and development in connection with our ongoing activities with several clinical trials.

Strategic Collaborations and Licenses

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 significant non-dilutive funding to date and continue to have rights to additional funding upon completion of certain research, achievement of key product development milestones, or royalties and other payments upon the commercial sale of products. Our most significant strategic collaborations include the following:

- *Janssen.* In December 2014, we entered into a collaboration and license agreement with Janssen for the development and commercialization of MGD011, a product candidate that incorporates our proprietary DART technology to simultaneously target CD19 and CD3 for the potential treatment of B-cell hematological malignancies. We contemporaneously entered into an agreement with JJDC, an affiliate of Janssen, under which JJDC agreed to purchase 1,923,077 new shares of our common stock for proceeds of $75.0 million. Upon closing, we received a $50.0 million upfront payment from Janssen as well as the $75.0 million investment in our common stock. Janssen is leading the development of this product candidate, subject to our options to co-promote the product in the United States and Canada and to invest in later-stage development in exchange for a United States and Canada profit-share. Janssen initiated a human clinical trial in 2015 for a variety of B-cell hematological malignancies, including diffuse-large B cell lymphoma, follicular lymphoma, mantle-cell lymphoma, chronic lymphocytic leukemia and acute lymphoblastic leukemia. The initiation of this trial triggered a $10.0 million milestone payment to us. Assuming successful development and commercialization, we could receive up to an additional $565.0 million in clinical, regulatory and commercialization milestone payments. If commercialized, we would be eligible to receive low double-digit royalties on any global net sales.

- *Takeda.* In May 2014, we entered into a license and option agreement with Takeda for the development and commercialization of MGD010, a product candidate that incorporates our proprietary DART technology to simultaneously engage CD32B and CD79B, which are two B-cell surface proteins. Upon execution of the agreement, Takeda made a non-refundable payment of $15.0 million to us. Takeda has an option to obtain an exclusive worldwide license for MGD010 following the completion of a pre-defined Phase 1a study, which was initiated in March 2015. Initiation of this study resulted in a $3.0 million milestone payment from Takeda. If Takeda exercises its option, it will assume responsibility for future development and pay us a license fee of $15.0 million. Assuming successful development and commercialization of MGD010, we are eligible to receive up to an additional $468.5 million in development, regulatory and sales milestone payments. If commercialized, we would receive low double-digit to high-teen royalties on any global net sales and have the option to co-promote MGD010 with Takeda in the United States. Finally, we may elect to fund a portion of Phase 3 clinical development in exchange for a North American profit share.

  In September 2014, we entered into a research collaboration and license option agreement with Takeda. Under the terms of this agreement, Takeda received an option to obtain an exclusive worldwide license for up to four product candidates and will fund all research and development activities related to the selected programs, including reimbursement of our expenses. Assuming successful development and commercialization by Takeda, we could receive up to approximately $400.0 million in program initiation, pre-clinical, clinical, regulatory and commercialization milestone payments for each potential product candidate. If commercialized, we would receive low double-digit to high-teen royalties on any global net sales and have the option to co-promote each product candidate with Takeda in the United States. Finally, we may elect to fund a portion of Phase 3 clinical development of each product candidate in exchange for a North American profit share. Takeda terminated its option to license the first program under this research collaboration agreement in 2015 and retains an option for three others.

- *Servier.* In September 2012, we entered into a license agreement with Servier and granted it options to obtain three separate exclusive licenses to develop and commercialize DART 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 $20.0 million upfront option fee. In addition, we became eligible to receive up to approximately $1.0 billion in additional license 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, assuming exercise of its options, Servier may share Phase 2 and Phase 3 development costs and would be obligated to pay us low double-digit to mid-teen royalties on product sales in its territories.

  In February 2014, Servier exercised its option to develop and commercialize MGD006, for which we received a $15.0 million license option fee. We also received two $5.0 million milestone payments from Servier in connection with the IND applications for MGD006 and MGD007 clearing the 30-day review period by the U.S. Food and Drug Administration (FDA).

Critical Accounting Policies and Significant Judgments and Estimates

Our critical accounting policies are those policies which require the most significant judgments and estimates in the preparation of our consolidated financial statements. A summary of our critical accounting policies is presented in Part II, Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to our critical accounting policies during the three months ended March 31, 2016.

Results of Operations

Revenue

The following represents a comparison of our revenue for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,		Increase/(Decrease)	
	2016	2015		
		(dollars in millions)		
Revenue from collaborative agreements	$ 1.9	$ 71.2	$ (69.3)	(97)%
Revenue from government agreements	0.9	0.1	0.8	800%
Total revenue	**$ 2.8**	**$ 71.3**	**$ (68.5)**	**(96)%**

The decrease in collaboration revenue of $69.3 million for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 is primarily due to the $62.3 million in revenue recognized under the Janssen agreement in the first quarter of 2015, as well as decreases in revenue recognition related to the Boehringer and Takeda agreements. Revenue under the Boehringer agreement decreased because the development period, and therefore the related revenue recognition period, was completed in September 2015, and revenue from the Takeda agreement decreased due to a milestone recognized in the first quarter of 2015.

Revenue from government agreements increased for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 primarily due to an increase in revenue from the NIAID contract.

Research and Development Expense

The following represents a comparison of our research and development expense for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,		Increase/(Decrease)	
	2016	2015		
		(dollars in millions)		
Margetuximab	$ 7.3	$ 8.8	$ (1.5)	(17%)
Enoblituzumab	4.3	2.4	1.9	79%
MGD006	1.3	0.7	0.6	86%
MGD007	1.0	0.6	0.4	67%
MGD009	0.8	1.0	(0.2)	(20%)
MGD010	1.8	2.2	(0.4)	(18%)
MGD011	1.4	1.0	0.4	40%
Pre-clinical immune checkpoint programs	5.5	1.0	4.5	450%
Other pre-clinical and clinical programs, collectively	3.9	3.8	0.1	3%
Total research and development expense	**$ 27.3**	**$ 21.5**	**$ 5.8**	**27%**

During the three months ended March 31, 2016 our research and development expense increased by $5.8 million compared to the three months ended March 31, 2015. This increase was due primarily to increased activity in our pre-clinical immune checkpoint programs, including MGD013, and the initiation of two Phase 1 clinical trials combining enoblituzumab with other compounds. This increase was partially offset by a decrease in margetuximab expense as a result of start up costs during the three months ended March 31, 2015 on the SOPHIA trial.

General and Administrative Expense

The following represents a comparison of our general and administrative expense for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,		Increase/(Decrease)	
	2016	2015		
	(dollars in millions)			
General and administrative expense	$ 6.1	$ 4.7	$ 1.4	30%

General and administrative expense increased for the three months ended March 31, 2016 compared to 2015 primarily due to an increase in labor-related costs, including stock-based compensation expense.

Other Income (Expense)

The increase in other income for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 is primarily due to an increase in interest income earned on investments.

Liquidity and Capital Resources

We have financed our operations primarily through the private placements of convertible preferred stock, the public and private offerings of our common stock, upfront fees, milestone payments and license option fees from collaborators and reimbursement through government grants and contracts. Through March 31, 2016 we have received $151.3 million from the sale of convertible preferred stock and warrants. We have also raised a total of $376.5 million from public and private offerings of our common stock.

As of March 31, 2016, we had $304.4 million in cash, cash equivalents and investments. In addition to our existing cash, cash equivalents and investments, we are eligible to receive additional reimbursement from our collaborators for certain research and development services rendered, additional milestone and opt-in payments and grant revenue. However, our ability to receive these milestone payments is dependent upon our ability to successfully complete specified 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. Although it is difficult to predict our funding requirements, based upon our current operating plan, we anticipate that our existing cash, cash equivalents and investments as of March 31, 2016, as well as other collaboration payments we anticipate receiving, will enable us to fund our operations into 2018, assuming all of our programs advance as currently contemplated.

Cash Flows

The following table represents a summary of our cash flows for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
	2016	2015
	(dollars in millions)	
Net cash provided by (used in):		
Operating activities	$ (31.9)	$ 43.6
Investing activities	(12.5)	(1.0)
Financing activities	0.2	62.9
Net increase (decrease) in cash and cash equivalents	**$ (44.2)**	**$ 105.5**

Operating Activities

Net cash used in operating activities reflects, among other things, the amounts used to run our clinical trials and pre-clinical activities. The difference between net cash used in operating activities during the three months ended March 31, 2016 and net cash provided by operating activities during the three months ended March 31, 2015 was primarily due to revenue earned under the Janssen agreement during the three months ended March 31, 2015.

Investing Activities

Net cash used in investing activities during the three months ended March 31, 2016 is primarily due to investing our cash in marketable securities and making leasehold improvements to our facilities. Net cash used in investing activities during the three months ended March 31, 2015 was primarily due to the acquisition of additional lab equipment needed to further our research and development activities.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2016 reflects cash from stock option exercises. Net cash provided by financing activities for the three months ended March 31, 2015 included net proceeds from the JJDC investment and cash from stock option exercises.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined under the rules and regulations of the Securities and Exchange Commission.

ITEM 3. 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. We also seek to maximize income from our investments without assuming significant risk. Our current investment policy is to invest principally in deposits and securities issued by the U.S. government and its agencies, Government Sponsored Enterprise agency debt obligations, corporate debt obligations and money market instruments. As of March 31, 2016, we had cash, cash equivalents and investments of $304.4 million. Our primary exposure to market risk is related to changes in interest rates. Due to the short-term maturities of our cash equivalents and marketable securities and the low risk profile of our marketable securities, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents and marketable securities. We have the ability to hold our marketable securities until maturity, and we therefore do not expect a change in market interest rates to affect our operating results or cash flows to any significant degree.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2016. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in this Quarterly Report on Form 10-Q has been appropriately recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosure. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Changes in Internal Control

No change in our internal control over financial reporting has occurred during the three months ended March 31, 2016, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

For information regarding factors that could affect our results of operations, financial condition and liquidity, see the risk factors discussion provided under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015. See also, "Forward-Looking Statements" included in this Quarterly Report on Form 10-Q.

Item 6.	**Exhibits**
10.1	Employment Agreement between the Company and Jon Wigginton, M.D.
10.2	Restricted Stock Units Grant Notice and Agreement between the Company and Jon Wigginton, M.D.
10.3	Employment Agreement between the Company and Ezio Bonvini, M.D.
31.1	Rule 13a-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURES

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

MACROGENICS, INC.

BY: /s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

BY: /s/ James Karrels
James Karrels
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 4, 2016

EXHIBIT INDEX

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Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of February 25, 2016 (the "Effective Date"), by and between MacroGenics, Inc., a Delaware corporation, including its successors and assigns (the "Employer" or "Company"), and Jon Wigginton, M.D. ("Executive").

In consideration of the promises and the respective undertakings of Employer and Executive set forth below, Employer and Executive hereby agree as follows:

1. Employment. Employer hereby employs Executive, and Executive hereby accepts such employment and agrees to perform services for Employer, for the period and on the other terms and subject to the conditions set forth in this Agreement.

2. Employment at Will. Executive is employed "at-will" which means that Executive's employment is not for any defined term and may be terminated by either Executive or the Company at any time, with or without cause, for any or no reason, subject to the notice provisions in Section 5.

3. Position and Duties.

3.01. Service with Employer. Employer hereby employs Executive in an executive capacity with the title of Senior Vice President, Clinical Development and Chief Medical Officer ("Title"), and Executive hereby accepts such employment and undertakes and agrees to serve in such capacity. Subject to the overall policy directives of the Board of Directors (the "Board") and applicable law, in Executive's capacity as Title, Executive shall have such powers, perform such duties and fulfill such responsibilities as are typically associated with such position in other similarly situated companies.

3.02. Performance of Duties. Executive agrees to: (i) devote substantially all of Executive's business time, attention and efforts to the business and affairs of Employer while employed; and (ii) adhere to all Employer's written employment policies and procedures as shall be in force from time to time. Executive shall perform Executive's duties primarily at the Company's headquarters in Rockville, Maryland, but is expected to travel as Company business necessitates.

3.03. Outside Activities. During the term of Executive's employment with the Company pursuant to this Agreement, Executive shall not, except as set forth below: (i) accept other employment; (ii) render or perform services for compensation to any Person (as hereinafter defined) other than Employer; (iii) serve as an officer or on the board of directors (or similar governing body) of any entity other than Employer, whether or not for compensation; or (iv) engage in any other business or professional activity that will require any effort on the part of Executive that, in the sole discretion of Employer, could reasonably be expected to materially detract from the ability of Executive to perform Executive's duties to Employer pursuant to this Agreement; provided, however, Executive may engage in the activities (x) set forth in Schedule 1 hereto (as may be amended from time to time by mutual written agreement of the parties) so long as in doing so Executive is not in any way competing with the Company and such outside activities do not materially detract from Executive's performance of his duties hereunder or (y) described in clause (iii) or (iv) above if prior to engaging in such activity described in clause (iii) or (iv), Executive has disclosed such activity to the Board and received written approval to engage in such activity from the Board. Executive may engage in personal investments without disclosure to or written approval from the Board provided Executive is not required or expected to serve as a board member, advisor or consultant and Executive shall, at any time, own beneficially less than 5% of the outstanding securities of any issuer and such personal investment shall not otherwise interfere with Executive's performance of duties hereunder and/or the provisions of Executive's written agreements with Employer. Although Executive may be engaged in outside activities pursuant to this section, nothing herein is intended to limit or waive Executive's fiduciary duties.

3.04. Executive Representations. Executive represents that Executive is not subject to any restrictive covenant, confidentiality agreement, or any other agreement that would prevent Executive from accepting employment with Employer, and based on the information provided to Employer by Executive, Employer accepts such representation.

4. Compensation.

4.01. Base Salary. Employer shall pay to Executive an annual base salary for all services to be rendered by Executive under this Agreement of $430,000 (the "Base Salary"), which Base Salary shall be paid in accordance with Employer's normal payroll schedule, procedures and policies (which schedule, procedures and policies may be modified from time to time) and subject to applicable deductions as required by law. Employer shall review Executive's salary on an annual basis and may, in its discretion, consider and declare from time to time increases in the Base Salary that it pays Executive. Any and all increases in Executive's salary pursuant to this section shall cause the level of Base Salary to be increased by the amount of each such increase for purposes of this Agreement. The increased level of Base Salary as provided in this section shall become the level of Base Salary for the remainder of the term of this Agreement unless there is a further increase in Base Salary as provided herein.

4.02. Annual Bonus. Executive shall also be eligible to receive, in addition to the Base Salary, an annual bonus having a target amount equal to 40% of Executive's Base Salary ("Target Bonus"), with the actual amount being determined by the Compensation Committee of the Board in its discretion taking into account the Company's performance and Executive's individual performance. In order to receive a Target Bonus, Executive must be employed by Employer on the date the bonus is paid.

4.03. Participation in Benefit Plans. Executive shall be entitled to participate in all employee benefit plans or programs offered to other senior executives from time to time (to the extent that Executive meets the requirements for each such plan or program), including participation in any health insurance plan, disability insurance plan, dental plan, eye care plan, 401(k) plan, life insurance plan, or other similar plans (all such benefits, the "Benefit Plans").

4.04. Expenses. Employer shall reimburse Executive for all ordinary and necessary business expenses reasonably incurred by Executive in the performance of Executive's duties under this Agreement, subject to the presentment and approval of appropriate itemized expense statements, receipts, vouchers or other supporting documentation in accordance with Employer's normal policies for expense verification in effect from time to time.

4.05. Vacation. Executive shall be entitled to twenty (20) vacation days per calendar year, accruing in accordance with the Company's vacation policy. Executive may carry over up to a maximum of 200 hours of annual leave (including sick pay) at any time, and any unused vacation time beyond that will be forfeited.

4.06. Total Compensation. Other than as may be approved by the Board, Executive shall not receive any other compensation or benefits from the Company other than as provided in Sections 4.01 through 4.06 hereof.

5. Payments Upon Termination.

5.01. Voluntary Resignation without Good Reason. Executive may terminate Executive's employment by providing Employer with 30 days' advance written notice, which notice period may be waived by the Company in its discretion and will be deemed to be waived in the case of the Executive's effective resignation due to death or Disability (as defined below). If Executive terminates Executive's employment (other than for Good Reason (as defined below) or by reason of death or Disability (as defined below)) (i) Employer shall pay to Executive the Accrued Obligations (as defined below), (ii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date, and (iii) Employer shall have no other obligations to Executive under this Agreement, other than those provided in this Section 5.01.

(a) For purposes of this Agreement, "Accrued Obligations" means: (i) Executive's earned and unpaid Base Salary through the Termination Date; (ii) reimbursement for any reimbursable business expenses incurred by Executive through the Termination Date in accordance with Section 4.05; and (iii) Executive's accrued but unused vacation time as of the Termination Date. The Accrued Obligations payable hereunder shall be paid no later than sixty (60) days following Executive's Termination Date.

(b) For purposes of this Agreement, "Termination Date" means: the effective date of Executive's "separation from service" as defined in Section 409A of the Internal Revenue Code, or any applicable successor provision in effect at the Termination Date (the "Code").

5.02. Termination by Employer For Cause. If Executive is terminated for Cause: (i) Employer shall pay to Executive the Accrued Obligations, (ii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date, and (iii) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.02. For purposes of this Agreement, "Cause" means: (a) Executive's failure to substantially perform Executive's duties with the Company (if Executive has not cured such failure to substantially perform, if curable, within thirty (30) days after Executive's receipt of written notice thereof from the Board that specifies the conduct constituting Cause under this clause (a)); (b) Executive's willful misconduct, or gross negligence in the performance of Executive's duties hereunder; (c) the conviction of Executive, or the entering by Executive 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) Executive's commission of an act of fraud, embezzlement or misappropriation against the Company; (e) Executive's material breach of the fiduciary duty owed by Executive to Company; (f) Executive's engaging in any improper conduct that has or is likely to have an adverse economic or reputational impact on the Company; or (g) Executive's material breach of this Agreement (if Executive has not cured such breach, if curable, within thirty (30) days after Executive's receipt of written notice thereof from the Board that specifies the conduct constituting Cause under this clause (g)).

5.03. Termination by Employer Without Cause or by Executive for Good Reason. If Executive is terminated by Employer without Cause or by Executive for Good Reason: (i) Employer shall pay to Executive the Accrued Obligations, (ii) Executive shall be entitled to receive the Severance Benefits (as defined below in Section 5.05 and subject to the conditions described therein and in Section 5.06, (iii) Employer shall pay to Executive any earned, but unpaid, bonus obligation relating to the prior fiscal year payable at the same time as bonuses are paid to the senior management team (but not later than March 15 of the subsequent fiscal year) and (iv) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.03. For purposes of this Agreement, "Good Reason" means the occurrence of any of the following events (without Executive's consent):

(a) a material adverse change in Executive's functions, duties, or responsibilities as Title with the Company, which change would cause Executive's position to become one of materially lesser responsibility, importance, or scope;

(b) a material change in the geographic location at which Executive must perform services to the Company of 50 miles or more from the Company's headquarters in Rockville, Maryland (unless Executive is permitted to telecommute rather than work at the Company's new headquarters); or

(c) a material breach of this Agreement by the Company.

Notwithstanding the foregoing, no such event shall constitute "Good Reason" unless (A) Executive shall have given written notice of such event to the Company within six (6) months after the initial occurrence thereof, (B) the Company shall have failed to cure the condition constituting Good Reason within thirty (30) days following the delivery of such notice (or such longer cure period as may be agreed upon by the parties), and (C) Executive terminates employment within thirty (30) days after expiration of such cure period.

5.04. Termination by Employer due to Executive's Death or Disability. If Executive's employment is terminated by reason of death or Disability (as defined below): (i) Employer shall pay to Executive the Accrued Obligations, (ii) Employer shall pay to Executive any earned, but unpaid, bonus obligation relating to the prior fiscal year payable at the same time as bonuses are paid to the senior management team (but not later than March 15 of the subsequent fiscal year), (iii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date (except to the extent Executive is eligible for continued death or disability benefits under the applicable Employer plan), and (iv) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.04. For the purposes of clarity, nothing in this Section 5.04 is to be construed as limiting Executive's right to recover insurance proceeds under the Company's life or disability insurance benefit plans that would otherwise be applicable to Executive's death or Disability. For purposes of this Agreement, "Disability" means (a)

Executive being determined to be totally disabled as defined by guidelines of the then-existing Company disability insurance plan in which Executive is participating, or (b) a determination by the Social Security Administration that the Executive is "totally disabled" or (c) Executive's inability to engage in comparable professional activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

5.05. Severance Benefits: "Severance Benefits" means:

(a) The payment to Executive of the Severance Amount in substantially equal installments over one year (with the first payment commencing on the first payroll date that occurs at least 28 days following the Termination Date), in accordance with Employer's normal payroll practices ("Severance Period"). If the Executive's termination is in connection with or in the twelve (12) months following a Change of Control, then Severance Amount means (i) one year of Executive's then-current Base Salary plus (ii) the Target Bonus multiplied by the Executive's then-current Base Salary. If the Executive's termination precedes a Change of Control, then Severance Amount means (x) one year of Executive's then-current Base Salary plus (y) the Target Bonus multiplied by the Executive's then-current Base Salary, prorated for the number of days that have elapsed between January 1 of the calendar year of termination and the Termination Date.

(b) The continuation of Executive's participation in the Company's medical, dental, and vision benefit plans at the same premium cost to Executive as charged to Executive immediately prior to the Termination Date for a period of twelve (12) months immediately following the Termination Date, or if earlier, until Executive obtains other employment which provides the same type of benefit; *provided*, *however*, that (a) it is understood and agreed that such continued medical, dental and vision benefits may at the election of the Company be provided by Executive electing the continuation of such coverage pursuant to COBRA with the Company reimbursing Executive for COBRA premiums to the extent required so that Executive's premium cost for the coverage in effect for Executive prior to the Termination Date is substantially the same as immediately prior to the Termination Date, and (b) if the Company determines, in its reasonable judgment, that providing medical, dental, and/or vision benefits in accordance with the preceding provisions of this Section 5.05(b) would result in a violation of applicable law, the imposition of any penalties under applicable law, or adverse tax consequences for participants covered by the Company's medical, dental, and/or vision plans, the Company may terminate such coverage (or reimbursement) with respect to Executive and instead pay to Executive taxable cash payments at the same time and in the same amounts as the Company would have paid as premiums (or as COBRA premium reimbursements) to provide such coverage.

(c) If the Termination Date occurs upon or within one year after the occurrence of a Change in Control, each stock option and/or restricted stock unit granted by the Company to Executive that is outstanding as of the Termination Date and is not fully vested as of the date of the Termination Date shall, as of the date Executive provides the Company with the Irrevocable Release provided for in Section 5.06 (but only if the Irrevocable Release is provided within the period provided for by Section 5.06), become vested with respect to 100% of the shares with respect to which the stock option or restricted stock unit is not vested as of the Termination Date; provided, however, that in no event shall any such option or restricted stock unit vest to the extent the option or restricted stock unit has expired prior to the date Executive provides the Company with the Irrevocable Release. For the avoidance of doubt, in the event that any of Executive's unvested stock options or unvested restricted stock units are to be terminated in connection with a Change of Control, Executive shall nonetheless be entitled to the accelerated vesting of 100% of the unvested stock options and/or restricted stock units described in and subject to the conditions of this clause (c).

(i) For purposes of this Agreement, "Change of Control" means, and shall be deemed to have occurred, if:

a. any Person, excluding (i) employee benefit plans of the Company or any of its Affiliates, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, which Rules shall apply for purposes of this clause (a) whether or not the Company is subject to the Exchange Act), directly or indirectly, of Company securities representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities ("Voting Power");

b. the Company consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Company (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined Voting Power immediately after such Fundamental Transaction of (i) the Company's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

c. the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or the consummation of the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets; or

d. during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) 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.

(d) The foregoing payment of Severance Benefits are expressly conditioned on receipt by the Company of an Irrevocable Release (as defined below) and the expiration of any statutory revocation period without any such revocation. To the extent such an Irrevocable Release has not been received by the Company, the time periods for payment of the Severance Benefits may be tolled by the Company until receipt of such an Irrevocable Release and expiration of such revocation period, at which point the Company may make a one-time catch-up payment for the applicable time period and then resume the regular periodic payment of Severance Benefits as provided in this Section 5.05.

5.06 Required Delivery of Irrevocable Release; Compliance with Section 6 Obligations. Notwithstanding the provisions of Section 5.05, as a condition to entitlement to the Severance Benefits, Executive must provide to the Company an Irrevocable Release not later than the twenty-first (21st) day after the Date of Termination (or longer, to the extent there is an applicable statutory period pursuant to which Executive may consider and/or revoke such release and such period has lapsed without any such revocation). In the event Executive fails to provide an Irrevocable Release to the Company within such period, the Company will immediately cease to pay or provide any further Severance Benefits and no accelerated vesting of stock options pursuant to Section 5.05(c) shall occur. "Irrevocable Release" means a confidential separation agreement and release of claims, in the form attached Exhibit A (as may be modified to reflect any change in laws or regulations that would pertain to such an agreement and release at the time of separation) that has been executed by Executive, delivered to the Company, and become irrevocable by Executive. In addition, in the event that Executive breaches the obligations under Section 6 of this Agreement at any time during the Severance Period, Executive will cease to be entitled to any further Severance Benefits.

6. Promises and Covenants Regarding Confidential Information and Goodwill; Inventions and Assignment; Restrictive Covenants.

6.01. Confidential Information and Goodwill. In consideration of Executive's promises and covenants contained in this Agreement, including Executive's promise and covenant not to disclose Confidential Information, Employer will provide Executive with Confidential Information. In further consideration of Executive's promises and covenants contained in this Agreement, including Executive's promise and covenant to utilize the Goodwill exclusively for the benefit of Employer, Employer will allow Executive to receive Confidential Information concerning the Company's customers, labs, vendors and employees and, to the extent required to fulfill Executive's duties, the Company will permit Executive to represent the Company on its behalf with such persons. To the extent that Executive's duties involve sales or customer relations, the Company will permit Executive to utilize the Goodwill in Executive's sales efforts and will provide sales support to Executive similar to that which it provides to its sales representatives.

6.02. Duties. While employed by Company, Executive shall perform the duties required of Executive hereunder and shall devote Executive's best efforts and, subject to the matters set forth on Schedule 1 (as amended from time to time by mutual written agreement of the parties), exclusive business time, energy and skill to performing such duties; not make any disparaging remarks regarding Company to any person with whom Company has business relations, including any employee or vendor of Company; use the Goodwill solely for the benefit of Company; and not interfere in such Goodwill, either during or following Executive's employment with Company.

6.03. Delivery of Company Property. Executive recognizes that all documents, magnetic media and other tangible items which contain Confidential Information are the property of Company exclusively. Upon request by Company or termination of Executive's employment with Company, Executive shall promptly return to Company all Confidential Information and Company Property within Executive's possession and control, and shall refrain from taking any Confidential Information or Company Property or allowing any Confidential Information or Company Property to be taken from Company; and immediately return to Company all information pertaining to Company or Company Property in Executive's possession.

6.04. Promise and Covenant Not to Disclose. The parties acknowledge that Company is the sole and exclusive owner of Confidential Information, and that Company has legitimate business interests in protecting Confidential Information. The parties further acknowledge that Company has invested, and continues to invest, considerable amounts of time and money in obtaining, developing, and preserving the confidentiality of Confidential Information and that, by reason of the trust relationship arising between Executive and Company, Executive owes Company a fiduciary duty to preserve and protect Confidential Information from all unauthorized disclosure and unauthorized use. Executive shall not, directly or indirectly, disclose Confidential Information to any third party (except to Executive's attorneys, the Company's personnel, other persons designated in writing by the Company, or except as otherwise provided by law) or use Confidential Information for any purpose other than for the direct benefit of Company while in Company's employ and thereafter.

6.05. Inventions and Assignment. Executive agrees that he will promptly disclose to the Company any and all Company Inventions and that Executive hereby irrevocably assigns to the Company all ownership rights in and to any and all Company Inventions. During Executive's employment or at any time thereafter, upon request of the Company, Executive will sign, execute and deliver any and all documents or instruments, including, without limitation, patent applications, declarations, invention assignments and copyright assignments, and will take reasonable action which the Company shall request to perfect in the Company trademark, copyright or patent rights with respect to Company Inventions, or to otherwise protect the Company's trade secrets and proprietary interests. The term "*Inventions*" means discoveries; developments; trade secrets; processes; formulas; data; lists; software programs; graphics; artwork; logos, and all other works of authorship, ideas, concepts, know-how, designs, and techniques, whether or not any of the foregoing is or are patentable, copyrightable, or registrable under any intellectual property laws or industrial property laws in the United States. The term "*Company Inventions*" means all Inventions that (a) relate to the business or proposed business of the Company or any of its predecessors or that are discovered, developed, created, conceived, reduced to practice, made, learned or written by Executive, either alone or jointly with others, in the course of Executive's employment; (b) utilize, incorporate or otherwise relate to Confidential Information; or (c) are discovered, developed, created, conceived, reduced to practice, made, or written by him using property or equipment of the Company or any of its predecessors. Executive agrees to promptly and fully communicate in writing to the Company (to such department or officer of the Company and in accordance with such procedures as the Company may direct from time to time) any and all Company Inventions. Executive acknowledges and agrees that any work of authorship by Executive or others comprising Company Inventions shall be deemed to be a "work made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. § 101 (2000)). To the extent that any such work of authorship may not be deemed to be a work made for hire, Executive hereby irrevocably assigns any ownership rights Executive may have in and to such work to the Company. This Agreement does not apply to any Inventions Executive made or to which Executive contributed before Executive's employment with the Company.

6.06. Other Promises and Covenants.

(a) During Executive's employment with Company and for a period of 12 months following termination of employment for any reason (the "Non-Competition Period"), Executive shall not either directly or indirectly, on Executive's own or another's behalf, engage in or assist others in any of the following activities (except on behalf of Company):

(i) (whether as principal, agent, partner or otherwise) engage in, own, manage, operate, control, finance, invest in, participate in, or otherwise carry on, or be employed by, associated with, or in any manner connected with, lend such Executive's name to, lend Executive's credit to, or render services or advice to a Competing Business anywhere in the Geographic Area; *provided*, *however*, that Executive may be employed by a Competing Business if (A) the role and responsibilities to be taken by Executive can clearly be segregated from any responsibility relating to the competing Company Business and (B) such Competing Business provides the Company with written confirmation acknowledging Executive's obligations under this Agreement with such Competing Business's agreement that it will ensure that Executive's role and responsibilities will be segregated in such manner;

(ii) provide or develop any products, technology or services that are the same or Substantially Similar to the products, technology and services provided or developed by the Company or any of its Affiliates;

(iii) induce or attempt to induce any customer, agent, supplier, licensee, or business relation of the Company or any of its Affiliates to cease doing business with the Company or any of its Affiliates, or in any way interfere with the relationship between any customer, supplier, licensee, or business relation of the Company or any of its Affiliates; or

(iv) on behalf of a Competing Business, solicit or attempt to solicit the business or patronage of any Person who is a customer or agent of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person.

For clarity, this Section 6.06(a) does not prohibit Executive from working at a non-Competing Business in the Geographic Area.

(b) During Executive's employment with Company and for a period of 12 months following termination of employment for any reason (the "Non-Solicitation Period"), Executive shall not either directly or indirectly, on Executive's own or another's behalf, engage in or assist others in any of the following activities:

(i) solicit, encourage, or take any other action which is intended to induce any employee, independent contractor or agent of the Company or any of its Affiliates to terminate Executive's employment or other business relationship with the Company or such Affiliate;

(ii) in any way interfere in any manner with the employment or other business relationship between the Company and/or any of its Affiliates, on the one hand, and any employee, independent contractor or agent of the Company or such Affiliate, on the other hand; or

(iii) employ, or otherwise engage as an employee, independent contractor or otherwise, any individual who was an employee or was otherwise affiliated with the Company or any of its Affiliates from the period beginning one year prior to Executive's last day of employment and continuing through the expiration of the Non-Solicitation Period.

provided, *however*, that nothing set forth in this Section 6 shall prohibit Executive from owning, as a passive investment, not in excess of five percent (5%) in the aggregate of any class of capital stock of any corporation if such stock is publicly traded and listed on any national or regional stock exchange or reported on the Nasdaq Stock Market.

6.07. Definitions. For purposes hereof:

(a) *"Affiliate"* means, with respect to any Entity, any Entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or under common control with, such Entity.

(b) *"Agreement"* means this Employment Agreement.

(c) *"Company Business"* means the research, development, testing and/or marketing/sales of pharmaceutical products or processes that are, rely on, target or rely upon (a) monoclonal antibodies directed against HER2 or B7-H3, (b) any bi-specific or multi-specific antibody-based protein targeting any of the Company's product candidates that are in active clinical development (meaning that an IND has been filed and accepted by the FDA or EMA with respect to that product candidate and the Company is developing the protocol, enrolling sites or patients or analyzing patients with respect to a human clinical trial for such product candidate), or (c) any target or combination of targets that is the subject of pre-clinical research and for which the Company intends to file an IND for a product candidate with such specificity or specificities in the 12 months following Termination.

(d) *"Company Property"* means all physical materials, documents, information, keys, computer software and hardware, including laptop computers and mobile or handheld scheduling computers, manuals, data bases, product samples, tapes, magnetic media, technical notes and any other equipment or items which Company provides for or to Executive or which otherwise belongs to the Company, and those documents and items which Executive may develop or help develop while in Company's employ, whether or not developed during regular working hours or on Company's premises. The term *"Company Property"* shall include the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials.

(e) *"Competing Business"* means any other Entity engaged in the Company Business, other than the Company and its Affiliates. For clarity, "Competing Business" does not include the Food & Drug Administration, any of the National Institutes of Health or other government or regulatory agencies, and non-profit Entities are applicable only to the extent they are engaged in the research and/or development of biopharmaceutical products.

(f) *"Confidential Information"* means the trade secrets and other information of Company, including but not limited to (i) the customer lists, customer contact information, customer purchase information, pricing information, strategic and marketing plans, compilations of customer information, names of employees, contracts with third parties, training, financial and marketing books, sales projections, internal employer databases, reports, manuals and information including information related to Company, its Affiliates or its customers, including those documents and items which any employee may develop or help develop while in the employ of the Company or any of its Affiliates, whether or not developed during regular working hours or on the premises of the Company or such Affiliate; (ii) the identity, skills, personnel file information, performance appraisals and compensation of job applicants, employees, contractors, and consultants; (iii) specialized training; (iv) source code, scripts, user screens, reports or any other information pertaining to the internal information technology or network of the Company and/or its Affiliates, including the proprietary database system commonly referred to as the Office System; and (v) information related to inventions owned by the Company or any of its Affiliates or licensed from third parties; and unless the context requires otherwise, the term "*Confidential Information*" includes the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials. The term "*Confidential Information*" does not include (1) information that was or becomes generally available publicly other than through disclosure by Executive, or (2) is required to be disclosed to any governmental agency or self-regulatory body or is otherwise required to be disclosed by law. Unless the context requires otherwise, the term *"Confidential Information"* shall include the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials.

(g) *"Entity*" means and includes any person, partnership, association, corporation, limited liability company, trust, unincorporated organization or any other business entity or enterprise.

(h) *"Geographic Area"* mean those states in the United States in which the Company or any of its subsidiaries conducts business, has a physical location or in which its products are being sold or marketed at the time of the termination of Executive's employment.

(i) *"Goodwill"* means the value of the relationships between the Company and its agents, customers, vendors, labs, and employees.

(j) *"Substantially Similar"* means substantially similar in function or capability or otherwise competitive to the products or services being developed, manufactured or sold by the Company during and/or at the end of Executive's employment, or are marketed to substantially the same type of user or customer as that to which the products and services of the Company are marketed or proposed to be marketed.

6.08. Acknowledgements Regarding Other Promises and Covenants. With regard to the promises and covenants set forth herein, Executive acknowledges and agrees that:

(a) the restrictions are ancillary to an otherwise enforceable agreement including the provisions of this Agreement regarding the disclosure, ownership and use of the Confidential Information and Goodwill of Company;

(b) the limitations as to time, geographical area, and scope of activity to be restricted are reasonable and acceptable to Executive, and do not impose any greater restraint than is reasonably necessary to protect the Goodwill and other legitimate business interests of Company;

(c) the performance by Executive, and the enforcement by Company, of such promises and covenants will cause no undue hardship on Executive;

(d) Executive will play a key business role for the Company in which he will have access to the Company's Confidential Information and Goodwill;

(e) the time periods covered by the promises and covenants will not include any period(s) of violation of, or any period(s) of time required for litigation brought by Company to

enforce any such promise or covenant, it being understood that the extension of time provided in this paragraph may not exceed two (2) years.

6.09. [Reserved.]

6.10. Independent Elements. The parties acknowledge that the promises and covenants contained in Section 6 above are essential independent elements of this Agreement and that, but for Executive agreeing to comply with them, Company would not employ Executive. Accordingly, the existence or assertion of any claim by Executive against Company, whether based on this Agreement or otherwise, shall not operate as a defense to Company's enforcement of the promises and covenants in Section 6. An alleged or actual breach of the Agreement by Company will not be a defense to enforcement of any such promise or covenant, or other obligations of Executive to Company. The promises and covenants in Section 6 will remain in full force and effect whether Executive is terminated by Company or voluntarily resigns.

6.11. Remedies for Breach of Agreement. Executive acknowledges that Executive's breach of any promise or covenant contained in Section 6 will result in irreparable injury to Company and that Company's remedies at law for such a breach will be inadequate. Accordingly, Executive agrees and consents that Company, in addition to all other remedies available at law and in equity, shall be entitled to both preliminary and permanent injunctions to prevent and/or halt a breach or threatened breach by Executive of any such promise or covenant, and Executive waives the requirement of the posting of any bond in connection with such injunctive relief. Executive further acknowledges and agrees that the promises and covenants contained in Section 6 are enforceable, reasonable, and valid.

6.12 Directors and Officers Insurance. During Executive's period of employment with the Company (and for any applicable "tail-period" thereafter), Executive shall be covered under a director and officer's liability insurance policy that provides insurance coverage for Executive on substantially the same terms and conditions as the other senior executives of the Company.

7. Miscellaneous.

7.01. Governing Law; Arbitration

(a) This Agreement is made under and shall be governed by and construed in accordance with the laws of Maryland, without regard to its conflicts of law principles.

(b) With respect to claims by the Company against Executive related to Executive's threatened or actual breach of Section 6 of this Agreement, each Party hereby irrevocably agrees that all actions or proceedings concerning such disputes may be brought by the Company in (a) the United States District Court for the District of Maryland; or (b) in any court of the State of Maryland sitting in Montgomery County, provided that the United States District Court lacks subject matter jurisdiction over such action or proceeding. Executive consents to jurisdiction of and venue in the courts in the State of Maryland set forth in this Section, and hereby waives to the maximum extent permitted by applicable law any objection which Executive may have based on improper venue or *forum non conveniens.*

(c) Except to the extent provided for in subsection (b) above, the Company and Executive agree that any claim, dispute or controversy arising under or in connection with this Agreement, or otherwise in connection with Executive's employment by the Company or termination of his employment (including, without limitation, any such claim, dispute or controversy arising under any federal, state or local statute, regulation or ordinance or any of the Company's employee benefit plans, policies or programs) shall be resolved solely and exclusively by binding, confidential, arbitration. The arbitration shall be held in Rockville, MD (or at such other location as shall be mutually agreed by the parties). The arbitration shall be conducted in accordance with the Commercial Rules of the American Arbitration Association (the "AAA") in effect at the time of the arbitration, including the Expedited Procedures. All fees and expenses of the arbitration, including a transcript if either requests, shall be borne equally by the parties. Each party is responsible for the fees and expenses of its own attorneys, experts, witnesses, and preparation and presentation of proofs and post-hearing briefs (unless the party prevails on a claim for which attorney's fees are recoverable under law). In rendering a decision, the arbitrator shall apply all legal principles and standards that would govern if the dispute were being heard in court. This includes the availability of all remedies that the parties could obtain in court. In addition, all statutes of limitation and defenses that would be applicable in court, will apply to the arbitration proceeding. The decision of the arbitrator shall be set forth in writing, and be binding and conclusive on all parties. Any action to enforce or vacate the arbitrator's award shall be governed by the Federal Arbitration Act, if applicable, and otherwise by applicable state law. If either the Company or Executive improperly pursues any claim, dispute or controversy against the other in a proceeding other than the arbitration provided for herein, the responding party shall be entitled to dismissal or injunctive relief regarding such action and recovery of all costs, losses and attorney's fees related to such action. If Company and Executive cannot mutually agree on selection of an arbitrator, the AAA rules then in effect regarding arbitrator selection will be used to select an arbitrator.

7.02. Entire Agreement. This Agreement and the documents referenced herein (including applicable stock option and restricted stock units agreements and the equity plans to which they relate) contain the entire agreement of the parties relating to the employment of Executive by Employer and the ancillary matters discussed herein and supersedes all prior agreements, negotiations and understandings with respect to such matters, including, without limitation, any term sheet between the parties hereto with respect to such matters, and the parties hereto have made no agreements, representations or warranties relating to such employment or ancillary matters which are not set forth herein.

7.03. Withholding Taxes. Employer may withhold from any compensation and Benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

7.04. Golden Parachute Limit. Notwithstanding any other provision of this Agreement, in the event that any portion of the Severance Benefits or any other payment or benefit received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (collectively, the "Total Benefits") would be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), the Total Benefits shall be reduced to the extent necessary so that no portion of the Total Benefits is subject to the Excise Tax; provided, however, that no such reduction in the Total Benefits shall be made if by not making such reduction, Executive's Retained Amount (as hereinafter defined) would be more than ten percent (10%) greater than Executive's Retained Amount if the Total Benefits are so reduced. All determinations required to be made under this Section 7.04 shall be made by tax counsel selected by the Company and reasonably acceptable to Executive ("Tax Counsel"), which determinations shall be conclusive and binding on Executive and the Company absent manifest error. All fees and expenses of Tax Counsel shall be borne solely by the Company. Prior to any reduction in Executive's Total Benefits pursuant to this Section 7.04, Tax Counsel shall provide Executive and the Company with a report setting forth its calculations and containing related supporting information. In the event any such reduction is required, the Total Benefits shall be reduced in the following order: (i) the Severance Amount (in reverse order of payment), (iii) any other portion of the Total Benefits that are not subject to Section 409A of the Code (other than Total Benefits resulting from any accelerated vesting of equity awards), (iv) other Total Benefits that are subject to Section 409A of the Code in reverse order of payment, and (v) Total Benefits that are not subject to Section 409A and arise from any accelerated vesting of any equity awards. "Retained Amount" shall mean the present value (as determined in accordance with sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of the Total Benefits net of all federal, state and local taxes imposed on Executive with respect thereto.

7.05. Compliance With Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code (including the exceptions thereto), to the extent applicable, and shall be interpreted accordingly. If any provision contained in this Agreement conflicts with the requirements of Section 409A of the Code (or the exemptions intended to apply under this Agreement), this Agreement shall be deemed to be reformed to comply with the requirements of Section 409A of the Code (or applicable exemptions thereto). Notwithstanding anything to the contrary herein, for purposes of determining Executive's entitlement to the Severance Benefits under Section 5 hereof, (a) Executive's employment shall not be deemed to have terminated unless and until Executive incurs a "separation from service" as defined in Section 409A of the Code, and (b) the effective date of any termination or resignation of employment (or any similar term) shall be the effective date of Executive's separation from service. Reimbursement of any expenses provided for in this Agreement shall be made in accordance with the Company's policies (as applicable) with respect thereto as in effect from time to time (but in no event later than the end of calendar year following the year such expenses were incurred) and in no event shall (i) the amount of expenses eligible for reimbursement hereunder during a taxable year affect the expenses eligible for reimbursement in any other taxable year or (ii) the right to reimbursement be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary herein, if a payment or benefit under this Agreement is due to a "separation from service" for purposes of the rules under Treas. Reg. § 1.409A-3(i)(2) (payments to specified employees upon a separation from service) and Executive is determined to be a "specified employee" (as determined under Treas. Reg. § 1.409A-1(i)), such payment shall, to the extent necessary to comply with the requirements of Section 409A of the Code, be made on the later of (x) the date specified by the foregoing provisions of this Agreement or (y) the date that is six (6) months after the date of Executive's separation from service (or, if earlier, the date of Executive's death). Any installment payments that are delayed pursuant to the provisions of this section shall be accumulated and paid in a lump sum on the first day of the seventh month following Executive's separation from service (or, if earlier, upon Executive's death) and the remaining installment payments shall begin on such date in accordance with the schedule provided in this Agreement. To the extent permitted by Section 409A, each payment hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. Notwithstanding the foregoing, to the extent this Agreement (or any provision of this Agreement) is determined not to be compliant with Section 409A of the Code, the Company shall not be liable for any resulting taxes to be paid by Executive.

7.06. Amendments. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and signed by both Executive and Employer.

7.07. Severability; Reformation. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable Law but if any provision of this Agreement is held to be invalid, illegal or unenforceable under any applicable Law or rule, the validity, legality and enforceability of the other provisions of this Agreement will not be affected or impaired thereby. If any provision of this Agreement is found invalid, illegal or unenforceable because it is too broad in scope, too lengthy in duration or violates any Law or regulation, it shall be reformed by limiting its scope, limiting its duration or construing it to avoid such violation (as the case may be) while giving the greatest effect to the intent of the parties as is legally permissible.

7.08. No Waiver. No waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the party against whom such waiver is sought to be enforced, and any such waiver shall be effective only in the specific instance and for the specific purpose for which given.

7.09. Assignment; No Third Party Beneficiary. This Agreement is a personal service contract, and shall not be assignable by Executive. This Agreement shall be assignable by Employer to any affiliate of Employer without the written consent of the Executive. This Agreement shall be assignable by Employer to any successor to the business of Employer, without the written consent of Executive; provided, however, that the assignee or transferee is the successor to all or substantially all of the business assets of Employer and such assignee or transferee expressly assumes all the obligations, duties, and liabilities of Employer set forth in this Agreement. Any purported assignment of this Agreement in violation of this Section 7.09 shall be null and void. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and no other Person shall have any right, benefit or obligation hereunder.

7.10. Counterparts; Facsimile Signatures. This Agreement may be executed in separate counterparts, each of which will be an original and all of which taken together shall constitute one and the same agreement, and any party hereto may execute this Agreement by signing any such counterpart. A facsimile signature by any party on a counterpart of this Agreement shall be binding and effective for all purposes. Such party shall subsequently deliver to the other party an original, executed copy of this Agreement; provided, however, that a failure of such party to deliver an original, executed copy shall not invalidate Executive's or its signature.

7.11. Notices. All notices and other communications relating to this Agreement will be in writing and will be deemed to have been given when personally delivered, three (3) days following mailing by certified or registered mail, return receipt requested, and one (1) Business Day following delivery to a reliable overnight courier or immediately following transmission by electronic facsimile. All notices to Employer shall be addressed and delivered to:

MacroGenics, Inc.
9640 Medical Center Drive
Rockville, MD 20850
Attn: General Counsel

or to such other address and facsimile number as designated by Employer in a written notice to Executive. All notices to Executive shall be addressed and delivered to:

Jon Wigginton, M.D.
XXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXX

or to such other address and facsimile number as Executive has designated in a written notice to Employer.

7.12. Interpretation. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

7.13. Cumulative Remedies. The rights and remedies of the parties hereunder are cumulative and not exclusive of any rights or remedies any party hereto may otherwise have.

7.14. Expenses Relating to this Agreement. Each party shall pay its or Executive's own expenses incident to the negotiation, preparation and execution of this Agreement.

IN WITNESS WHEREOF, Executive and Employer have executed this Employment Agreement as of the date set forth in the first paragraph.

"EMPLOYER"

MacroGenics, Inc.

By:/s/ Scott Koenig
Name: Scott Koenig
Title: President and CEO

Date: February 25, 2016

"EXECUTIVE"

/s/ Jon Wigginton, M.D.

Jon Wigginton, M.D.

Date: February 25, 2016

SCHEDULE 1

OUTSIDE ACTIVITIES

Scientific Advisory Board and Board of Directors of UbiVac, Inc.

EXHIBIT A

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE

Pursuant to the Employment Agreement by and between Jon Wigginton, M.D. ("Executive") and MacroGenics, Inc. (the "Company"), in order for Executive to receive the Severance Amount therein, Executive is required to enter into this Separation Agreement and General Release (this "Release").

In consideration of the foregoing, of the mutual promises herein contained, of other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged by the Parties, it is agreed as follows:

1. As of the Termination Date, and at all times forward, Executive will not hold himself out to any person or entity as being an employee, officer, representative, or agent of the Company.

2. In exchange for the considerations provided for in this Agreement including the receipt of the Severance Amount, Executive hereby completely, irrevocably, and unconditionally releases and forever discharges the Company, and any of its affiliated companies, and each and all of their officers, agents, directors, supervisors, employees, representatives, and their successors and assigns, and all persons acting by, through, under, for, or in concert with them, or any of them, in any and all of their capacities (hereinafter individually or collectively, the "Released Parties"), from any and all charges, complaints, claims, and liabilities of any kind or nature whatsoever, known or unknown, suspected or unsuspected (hereinafter referred to as "claim" or "claims") which Executive at any time heretofore had or claimed to have or which Executive may have or claim to have regarding events that have occurred as of the Effective Date of this Agreement, including, without limitation, those based on: any employee welfare benefit or pension plan governed by the Employee Retirement Income Security Act as amended (hereinafter "ERISA") (provided that this release does not extend to any vested retirement benefits of Executive under Company's 401(k) Safe Harbor Plan); the Civil Rights Act of 1964, as amended (race, color, religion, sex and national origin discrimination and harassment); the Civil Rights Act of 1966 (42 U.S.C. § 1981) (discrimination); the Age Discrimination in Employment Act of 1967 (hereinafter "ADEA"), as amended; the Older Workers Benefit Protection Act, as amended; the Americans With Disabilities Act (hereinafter "ADA"), as amended; § 503 of the Rehabilitation Act of 1973; the Fair Labor Standards Act, as amended (wage and hour matters); the Family and Medical Leave Act, as amended, (family leave matters), Article 49B of the Maryland Code (discrimination), any other federal, state, or local laws or regulations regarding employment discrimination or harassment, wages, insurance, leave, privacy or any other matter; any negligent or intentional tort; any contract, policy or practice (implied, oral, or written); or any other theory of recovery under federal, state, or local law, and whether for compensatory or punitive damages, or other equitable relief, including, but not limited to, any and all claims which Executive may now have or may have had, arising from or in any way whatsoever connected with Executive's employment or contacts, with Company or any other of the Released Parties.

Executive acknowledges, understands and agrees that Executive has been paid in full for all hours that Executive has worked for the Company and that Executive has been paid any and all compensation or bonuses which have been earned by Executive through the date of execution of this Agreement other than payments required by Section 5 of the Employment Agreement. Executive acknowledges, understands and agrees that Executive has not been denied any leave requested under the FMLA or applicable state leave laws and that, to the extent applicable, Executive has been returned to Executive's job, or an equivalent position, following any FMLA or state leave taken pursuant to the FMLA or state laws. Executive acknowledges, understands and agrees that Executive has reported to the Employer's management personnel any work related injury or illness that occurred up to and including Executive's last day of employment. Executive acknowledges, understands, and agrees that Executive has no knowledge of any actions or inactions by any of the Released Parties or by Executive not previously disclosed to the Company that Executive believes could possibly constitute a basis for a claimed violation of any federal, state, or local law, any common law or any rule promulgated by an administrative body.

3. To the extent permitted by law, Executive agrees that he will not cause or encourage any future legal proceedings to be maintained or instituted against any of the Released Parties. To the extent permitted by law, Executive agrees that he will not accept any remedy or recovery arising from any charge filed or proceedings or investigation conducted by the EEOC or by any state or local human rights or employment rights enforcement agency relating to any of the matters released in this Agreement. Nothing in this Section 3 is intended to preclude, limit or inhibit Executive's ability or willingness to cooperate with any government agency in any investigation of the Released Parties.

4. Older Workers Benefit Protection Act /ADEA Waiver

4.01. Executive acknowledges that Company has advised him in writing to consult with an attorney of his choice before signing this Agreement, and Executive has been given the opportunity to consult with an attorney of his choice before signing this Agreement.

4.02. Executive acknowledges that he has been given the opportunity to review and consider this Agreement for a full twenty-one days before signing it, and that, if he has signed this Agreement in less than that time, he has done so voluntarily in order to obtain sooner the benefits of this Agreement.

4.03. Executive further acknowledges that he may revoke this Agreement within seven (7) days after signing it, provided that this Agreement will not become effective until such seven (7) day period has expired. To be effective, any such revocation must be in writing and delivered to Company's principal place of business by the close of business on the seventh (7th) day after signing the Agreement and must expressly state Executive's intention to revoke this Agreement. Provided that Executive does not timely revoke this Agreement, the eighth (8th) day following Executive's execution hereof shall be deemed the "Effective Date" of this Agreement.

4.04. The Parties also agree that the release provided by Executive in this Agreement does not include a release for claims under the ADEA arising after the date Executive signs this Agreement.

5. Executive shall promptly turn over to the Company any and all documents, files, computer records, or other materials belonging to, or containing confidential or proprietary information obtained from, the Company that are in Executive's possession, custody, or control, including any such materials that may be at Executive's home.

6. Executive acknowledges his obligation to comply with any confidentiality or non-disclosure agreement Executive has executed including as set forth in the Employment Agreement.

7. The Parties agree that they will keep absolutely confidential, and not make any future disclosures to anyone except that the Parties may disclose this Agreement:

7.01. to enforce this Agreement; and/or

7.02. to an attorney; and/or

7.03. tax advisor or attorney in connection with a tax matter; and/or

7.04. to the United States Internal Revenue Service, or state or local tax authority upon its request for tax purposes; and/or

7.05. as required by court order or otherwise required by law or in response to valid legal process; provided that the Parties may make disclosure to attorneys, accountants, tax advisors, and family members only if such persons agree to keep the information confidential; and provided further that before providing information pursuant to a court order or other legal requirement, the Party providing such information shall promptly notify the other Party, and to the extent possible will comply with the court order or other legal requirement in ways that preserve confidentiality; and

7.06. to prospective employers consistent with Section 6.09 of the Employment Agreement.

8. Executive agrees that Executive will not publicly make or publish any adverse, disparaging, untrue, or misleading statement or comment about the Company or any of its officers, directors, employees, or agents. The Company agrees to instruct its directors, officers, and senior management not to publicly make or publish any adverse, disparaging, untrue, or misleading statement or comment about Executive.

9. Executive agrees to answer questions that the Company may have from time to time regarding matters that Executive worked on and to cooperate with the Company, upon request, to assist in the investigation, prosecution or defense of any claim, grievance, investigation, or audit by or against the Company. The time requirement for these activities will be nominal, will not be disruptive to the ability of the Executive to perform his own ongoing personal or professional responsibilities and will not require travel unless agreed upon by the Executive. The Company agrees to reimburse Executive for any reasonable and necessary out-of-pocket expenses he incurs as a result of such cooperation and to compensate him a reasonable hourly rate in the event such cooperation exceeds an aggregate of 20 hours (provided that the first 20 hours of cooperation has been performed to the reasonable satisfaction of the Company).

10. This Agreement shall not in any way be construed as an admission by the Company of any acts of unlawful conduct, wrongdoing or discrimination against Executive, and the Company specifically disclaims any liability to Executive on the part of itself, its employees, or its agents. This Agreement shall not in any way be construed as an admission by Executive of any acts of unlawful conduct, wrongdoing or discrimination against the Company, and Executive specifically disclaims any liability to Company on the part of himself or his agents.

11. This Agreement shall be binding upon Executive and upon Executive's heirs, administrators, representatives, executors, successors, and assigns, and shall inure to the benefit of the Company, and its representatives, executors, successors, and assigns. This Agreement shall be binding upon the Company and upon the Company's assigns and shall inure to the benefit of Executive and his heirs, administrators, representatives, executors, successors, and assigns.

12. This Agreement, including its Exhibits, and any applicable stock option agreements and the equity plans to which they relate, set forth the entire agreement between the Company and Executive and, except as expressly provided for in this Agreement, fully supersedes any and all prior agreements or understandings between the Company and Executive pertaining to the subject matter hereof, except that Executive's obligations in Section 6 of the Employment Agreement between Executive and the Company shall remain in full force and effect. In reaching this Agreement, neither the Company nor Executive has relied upon any representation or promise except those set forth herein. If any provision, or portion of a provision, of this Agreement is held to be invalid or unenforceable for any reason, the remainder of the Agreement shall remain in full force and effect, as if such provision, or portion of such provision, had never been contained herein. The unenforceability or invalidity of a provision of the Agreement in one jurisdiction shall not invalidate or render that provision unenforceable in any other jurisdiction.

13. This Agreement cannot be amended, modified, or supplemented in any respect except by written agreement entered into and signed by the Parties.

14. This Agreement shall be governed by the laws of the State of Maryland without giving effect to conflict of laws principles, and Executive consents to exclusive personal jurisdiction in the state and federal courts of the State of Maryland for any proceeding arising out of or relating to this Agreement. The language of all parts of the Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the Parties.

15. Executive acknowledges that he has read each and every section of this Agreement and that he understands his rights and obligations under this Agreement. Executive acknowledges that the Company has advised him in writing to consult with an attorney of his choice before signing this Agreement, and that Executive has been given the opportunity to consult with an attorney of his choice before signing this Agreement.

16. This Agreement may be signed in counterparts, each of which shall be considered an original for all purposes, and all of which taken together shall constitute one and the same written agreement.

IN WITNESS WHEREOF, the Company, has caused this Agreement to be executed by its duly authorized officer, and Executive has executed this Agreement, on the date(s) set forth below.

Executive

_____
/Date

MacroGenics, Inc.

By:_____
Name: /Date
Title:

Exhibit 10.2

MACROGENICS, INC.
2013 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNITS GRANT NOTICE

MacroGenics, Inc. (the ***"Company"***), pursuant to its 2013 Equity Incentive Plan (the ***"Plan"***), hereby grants to you (the ***"Participant")*** a restricted stock units award (the "***Award***") covering the number of restricted stock units (the ***"RSUs"***) indicated below. This Award is subject to all of the terms and conditions set forth herein and in the Restricted Stock Units Agreement and the Plan, each of which is attached hereto and incorporated herein in its entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

Participant:	**Jon Wigginton, M.D.**
Address:	**XXXXXXXXXXXXXXXXX**
Total Number of RSUs Awarded:	**30,000**
Fair Market Value per RSU on Date of Grant:	**$ 15.28**
Total Fair Market Value of RSUs Awarded on Date of Grant:	**$ 458,400**
Date of Grant:	**February 25, 2016**
Vesting Commencement Date:	**February 25, 2016**
Vesting Schedule	Subject to the limitations set forth in this Notice, the Plan and the Restricted Stock Units Agreement, the RSUs shall vest, in whole or in part, in accordance with the following schedule:

All RSUs will fully vest two (2) years after the Vesting Commencement Date as long as the Participant is still an employee of the Company at that time; provided, however, that if the Participant's employment is terminated for any reason other than "Cause" then all unvested RSUs as of the date of termination shall be deemed to have been vested immediately prior to termination. For this purpose, The definition of "Cause" with respect to this Award is: (a) the Participant's willful misconduct, or gross negligence in the performance of the Participant's duties; or (b) conviction of the Participant, or entering by the Participant 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; or (c) the Participant's commission of an act of fraud, embezzlement, or misappropriation against the Company; or (d) the Participant's material breach of the fiduciary duty owed by Participant to the Company; or (e) the Participant engaging in any improper conduct that has or is likely to have an adverse economic or reputational impact on the Company. It is specifically noted that as it pertains to the RSUs, the definition of "cause" in this Award is distinct from, and will prevail over, the definition of "cause" in the Employment Agreement between the Company and the Participant, dated February 25, 2016.

By accepting (whether in writing, electronically or otherwise) the Award, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship with the Company is for an unspecified duration, can be terminated at any time (i.e., is "at-will"), and that nothing in this Notice, the Restricted Stock Units Agreement or the Plan changes the at-will nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company ("***Service***"). Participant also understands that this Notice is subject to the terms and conditions of both the Restricted Stock Units Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Restricted Stock Units Agreement and the Plan. By acceptance of this Award, Participant consents to the electronic delivery of the Notice, the Restricted Stock Units Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs. If the Restricted Stock Units Grant Notice and Agreement is not executed by Participant within thirty (30) days of the Date of Grant above, then this Award shall be void.

MACROGENICS, INC.

By: /s/ Scott Koenig
signature
Title: President and Chief Executive Officer
Date: February 25, 2016

PARTICIPANT

By: /s/ Jon Wigginton, M.D.
signature

Date: February 25, 2016

ATTACHMENT I

MACROGENICS, INC.
2013 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNITS AGREEMENT

Unless otherwise defined in this Restricted Stock Units Agreement (the ***"Agreement"***), any capitalized terms used herein shall have the meaning ascribed to them in the MacroGenics, Inc. 2013 Equity Incentive Plan (the ***"Plan"***).

The Participant has been granted the RSUs, which are subject to the terms and conditions of the Plan, Restricted Stock Units Grant Notice (the ***"Notice"***) and this Agreement.

1. **GRANT OF RSUS.** The Participant named in the Notice has been granted the number of RSUs specified in the Notice. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement or the Notice, the terms and conditions of the Plan shall prevail.

2. **VESTING; FORFEITURE.** The RSUs shall vest, subject to the Participant's continuing Service, in accordance with the schedule set forth in the Notice. Upon the Participant's termination of Service for any reason (including by reason of death or disability), the RSUs shall be immediately forfeited, except to the extent they have previously vested.

3. **PAYMENT OF RSUS.** With respect to the RSUs that have become vested, the Company shall deliver to the Participant within thirty days the number of Shares equal to the number of RSUs that have become vested, subject to Section 7(h) hereof.

4. **NO RIGHTS AS SHAREHOLDER**. The Participant shall have no rights as a shareholder of the Company with respect to the RSUs prior to the issuance of actual Shares to the Participant after the vesting of RSUs.

5. **LIMITED TRANSFERABILITY OF RSUS.** These RSUs shall not be transferable except by will or by the laws of descent and distribution and are payable during the lifetime of the Participant only to the Participant. In addition, subject to the approval of the Board, or a duly authorized Officer, the RSUs may be transferred pursuant to the terms of a domestic relations order or official marital settlement agreement.

6. **NO RIGHTS AS EMPLOYEE, DIRECTOR OR CONSULTANT.** Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's Service, for any reason, with or without cause.

7. MISCELLANEOUS.

(a) Acknowledgment. The Company and the Participant agree that the RSUs are granted under and governed by the Notice, this Agreement and by the provisions of the Plan (incorporated herein by reference). The Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that the Participant has carefully read and is familiar with their provisions and (iii) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

(b) Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the RSUs hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

(c) Compliance with Laws and Regulations. The issuance of the RSUs and any Shares pursuant thereto shall be subject to and conditioned upon compliance by the Company and the Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

(d) Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

(e) Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(f) Notices. Any notice to be given under the terms of the Plan shall be addressed to the Company in care of its principal office, and any notice to be given to the Participant shall be addressed to such Participant at the address maintained by the Company for such person or at such other address as the Participant may specify in writing to the Company.

(g) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(h) Withholding. The number of Shares to be delivered to the Participant upon payment of vested RSUs shall be reduced by a number of Shares with a fair market value equal to the minimum amount the Company is required to withhold for income and employment taxes.

EMPLOYMENT AGREEMENT

This Employment Agreement (the **"Agreement"**) is entered into as of March 8, 2016 (the **"Effective Date"**), by and between MacroGenics, Inc., a Delaware corporation, including its successors and assigns (the **"Employer"** or **"Company"**), and Ezio Bonvini, M.D. (**"Executive"**).

In consideration of the promises and the respective undertakings of Employer and Executive set forth below, Employer and Executive hereby agree as follows:

1. Employment. Employer hereby employs Executive, and Executive hereby accepts such employment and agrees to perform services for Employer, for the period and on the other terms and subject to the conditions set forth in this Agreement.

2. Employment at Will. Executive is employed "at-will" which means that Executive's employment is not for any defined term and may be terminated by either Executive or the Company at any time, with or without cause, for any or no reason, subject to the notice provisions in Section 5.

3. Position and Duties.

3.01. Service with Employer. Employer hereby employs Executive in an executive capacity with the title of Senior Vice President, Research (**"Title"**), and Executive hereby accepts such employment and undertakes and agrees to serve in such capacity. Subject to the overall policy directives of the Board of Directors (the **"Board"**) and applicable law, in Executive's capacity as Title, Executive shall have such powers, perform such duties and fulfill such responsibilities as are typically associated with such position in other similarly situated companies.

3.02. Performance of Duties. Executive agrees to: (i) devote substantially all of Executive's business time, attention and efforts to the business and affairs of Employer while employed; and (ii) adhere to all Employer's written employment policies and procedures as shall be in force from time to time. Executive shall perform Executive's duties primarily at the Company's headquarters in Rockville, Maryland, but is expected to travel as Company business necessitates.

3.03. Outside Activities. During the term of Executive's employment with the Company pursuant to this Agreement, Executive shall not, except as set forth below: (i) accept other employment; (ii) render or perform services for compensation to any Person (as hereinafter defined) other than Employer; (iii) serve as an officer or on the board of directors (or similar governing body) of any entity other than Employer, whether or not for compensation; or (iv) engage in any other business or professional activity that will require any effort on the part of Executive that, in the sole discretion of Employer, could reasonably be expected to materially detract from the ability of Executive to perform Executive's duties to Employer pursuant to this Agreement; provided, however, Executive may engage in the activities (x) set forth in Schedule 1 hereto (as may be amended from time to time by mutual written agreement of the parties) so long as in doing so Executive is not in any way competing with the Company and such outside activities do not materially detract from Executive's performance of his duties hereunder or (y) described in clause (iii) or (iv) above if prior to engaging in such activity described in clause (iii) or (iv), Executive has disclosed such activity to the Board and received written approval to engage in such activity from the Board. Executive may engage in personal investments without disclosure to or written approval from the Board provided Executive is not required or expected to serve as a board member, advisor or consultant and Executive shall, at any time, own beneficially less than 5% of the outstanding securities of any issuer and such personal investment shall not otherwise interfere with Executive's performance of duties hereunder and/or the provisions of Executive's written agreements with Employer. Although Executive may be engaged in outside activities pursuant to this section, nothing herein is intended to limit or waive Executive's fiduciary duties.

3.04. Executive Representations. Executive represents that Executive is not subject to any restrictive covenant, confidentiality agreement, or any other agreement that would prevent Executive from accepting employment with Employer, and based on the information provided to Employer by Executive, Employer accepts such representation.

4. Compensation.

4.01. Base Salary. Employer shall pay to Executive an annual base salary for all services to be rendered by Executive under this Agreement of $360,500 (the **"Base Salary"**), which Base Salary shall be paid in accordance with Employer's normal payroll schedule, procedures and policies (which schedule, procedures and policies may be modified from time to time) and subject to applicable deductions as required by law. Employer shall review Executive's salary on an annual basis and may, in its discretion, consider and declare from time to time increases in the Base Salary that it pays Executive. Any and all increases in Executive's salary pursuant to this section shall cause the level of Base Salary to be increased by the amount of each such increase for purposes of this Agreement. The increased level of Base Salary as provided in this section shall become the level of Base Salary for the remainder of the term of this Agreement unless there is a further increase in Base Salary as provided herein.

4.02. Annual Bonus. Executive shall also be eligible to receive, in addition to the Base Salary, an annual bonus having a target amount equal to 35% of Executive's Base Salary (**"Target Bonus"**), with the actual amount being determined by the Compensation Committee of the Board in its discretion taking into account the Company's performance and Executive's individual performance. In order to receive a Target Bonus, Executive must be employed by Employer on the date the bonus is paid.

4.03. Participation in Benefit Plans. Executive shall be entitled to participate in all employee benefit plans or programs offered to other senior executives from time to time (to the extent that Executive meets the requirements for each such plan or program), including participation in any health insurance plan, disability insurance plan, dental plan, eye care plan, 401(k) plan, life insurance plan, or other similar plans (all such benefits, the **"Benefit Plans"**).

4.04. Expenses. Employer shall reimburse Executive for all ordinary and necessary business expenses reasonably incurred by Executive in the performance of Executive's duties under this Agreement, subject to the presentment and approval of appropriate itemized expense statements, receipts, vouchers or other supporting documentation in accordance with Employer's normal policies for expense verification in effect from time to time.

4.05. Vacation. Executive shall be entitled to twenty (20) vacation days per calendar year, accruing in accordance with the Company's vacation policy. Executive may carry over up to a maximum of 200 hours of annual leave (including sick pay) at any time, and any unused vacation time beyond that will be forfeited.

4.06. Total Compensation. Other than as may be approved by the Board, Executive shall not receive any other compensation or benefits from the Company other than as provided in Sections 4.01 through 4.06 hereof.

5. Payments Upon Termination.

5.01. Voluntary Resignation without Good Reason. Executive may terminate Executive's employment by providing Employer with 30 days' advance written notice, which notice period may be waived by the Company in its discretion and will be deemed to be waived in the case of the Executive's effective resignation due to death or Disability (as defined below). If Executive terminates Executive's employment (other than for Good Reason (as defined below) or by reason of death or Disability (as defined below)) (i) Employer shall pay to Executive the Accrued Obligations (as defined below), (ii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date, and (iii) Employer shall have no other obligations to Executive under this Agreement, other than those provided in this Section 5.01.

(a) For purposes of this Agreement, **"Accrued Obligations"** means: (i) Executive's earned and unpaid Base Salary through the Termination Date; (ii) reimbursement for any reimbursable business expenses incurred by Executive through the Termination Date in accordance with Section 4.05; and (iii) Executive's accrued but unused vacation time as of the Termination Date. The Accrued Obligations payable hereunder shall be paid no later than sixty (60) days following Executive's Termination Date.

(b) For purposes of this Agreement, **"Termination Date"** means: the effective date of Executive's "separation from service" as defined in Section 409A of the Internal Revenue Code, or any applicable successor provision in effect at the Termination Date (the "Code").

5.02. Termination by Employer For Cause. If Executive is terminated for Cause: (i) Employer shall pay to Executive the Accrued Obligations, (ii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date, and (iii) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.02. For purposes of this Agreement, **"Cause"** means: (a) Executive's failure to substantially perform Executive's duties with the Company (if Executive has not cured such failure to substantially perform, if curable, within thirty (30) days after Executive's receipt of written notice thereof from the Board that specifies the conduct constituting Cause under this clause (a)); (b) Executive's willful misconduct, or gross negligence in the performance of Executive's duties hereunder; (c) the conviction of Executive, or the entering by Executive 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) Executive's commission of an act of fraud, embezzlement or misappropriation against the Company; (e) Executive's material breach of the fiduciary duty owed by Executive to Company; (f) Executive's engaging in any improper conduct that has or is likely to have an adverse economic or reputational impact on the Company; or (g) Executive's material breach of this Agreement (if Executive has not cured such breach, if curable, within thirty (30) days after Executive's receipt of written notice thereof from the Board that specifies the conduct constituting Cause under this clause (g)).

5.03. Termination by Employer Without Cause or by Executive for Good Reason. If Executive is terminated by Employer without Cause or by Executive for Good Reason: (i) Employer shall pay to Executive the Accrued Obligations, (ii) Executive shall be entitled to receive the Severance Benefits (as defined below in Section 5.05 and subject to the conditions described therein and in Section 5.06, (iii) Employer shall pay to Executive any earned, but unpaid, bonus obligation relating to the prior fiscal year payable at the same time as bonuses are paid to the senior management team (but not later than March 15 of the subsequent fiscal year) and (iv) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.03. For purposes of this Agreement, **"Good Reason"** means the occurrence of any of the following events (without Executive's consent):

(a) a material adverse change in Executive's functions, duties, or responsibilities as Title with the Company, which change would cause Executive's position to become one of materially lesser responsibility, importance, or scope;

(b) a material change in the geographic location at which Executive must perform services to the Company of 50 miles or more from the Company's headquarters in Rockville, Maryland (unless Executive is permitted to telecommute rather than work at the Company's new headquarters); or

(c) a material breach of this Agreement by the Company.

Notwithstanding the foregoing, no such event shall constitute "Good Reason" unless (A) Executive shall have given written notice of such event to the Company within six (6) months after the initial occurrence thereof, (B) the Company shall have failed to cure the condition constituting Good Reason within thirty (30) days following the delivery of such notice (or such longer cure period as may be agreed upon by the parties), and (C) Executive terminates employment within thirty (30) days after expiration of such cure period.

5.04. Termination by Employer due to Executive's Death or Disability. If Executive's employment is terminated by reason of death or Disability (as defined below): (i) Employer shall pay to Executive the Accrued Obligations, (ii) Employer shall pay to Executive any earned, but unpaid, bonus obligation relating to the prior fiscal year payable at the same time as bonuses are paid to the senior management team (but not later than March 15

of the subsequent fiscal year), (iii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date (except to the extent Executive is eligible for continued death or disability benefits under the applicable Employer plan), and (iv) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.04. For the purposes of clarity, nothing in this Section 5.04 is to be construed as limiting Executive's right to recover insurance proceeds under the Company's life or disability insurance benefit plans that would otherwise be applicable to Executive's death or Disability. For purposes of this Agreement, **"Disability"** means (a) Executive being determined to be totally disabled as defined by guidelines of the then-existing Company disability insurance plan in which Executive is participating, or (b) a determination by the Social Security Administration that the Executive is "totally disabled" or (c) Executive's inability to engage in comparable professional activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

5.05. Severance Benefits: **"Severance Benefits"** means:

(a) The payment to Executive of the Severance Amount in substantially equal installments over one year (with the first payment commencing on the first payroll date that occurs at least 28 days following the Termination Date), in accordance with Employer's normal payroll practices (**"Severance Period"**). If the Executive's termination is in connection with or in the twelve (12) months following a Change of Control, then Severance Amount means (i) one year of Executive's then-current Base Salary plus (ii) the Target Bonus multiplied by the Executive's then-current Base Salary. If the Executive's termination precedes a Change of Control, then Severance Amount means (x) one year of Executive's then-current Base Salary plus (y) the Target Bonus multiplied by the Executive's then-current Base Salary, prorated for the number of days that have elapsed between January 1 of the calendar year of termination and the Termination Date.

(b) The continuation of Executive's participation in the Company's medical, dental, and vision benefit plans at the same premium cost to Executive as charged to Executive immediately prior to the Termination Date for a period of twelve (12) months immediately following the Termination Date, or if earlier, until Executive obtains other employment which provides the same type of benefit; *provided*, *however*, that (a) it is understood and agreed that such continued medical, dental and vision benefits may at the election of the Company be provided by Executive electing the continuation of such coverage pursuant to COBRA with the Company reimbursing Executive for COBRA premiums to the extent required so that Executive's premium cost for the coverage in effect for Executive prior to the Termination Date is substantially the same as immediately prior to the Termination Date, and (b) if the Company determines, in its reasonable judgment, that providing medical, dental, and/or vision benefits in accordance with the preceding provisions of this Section 5.05(b) would result in a violation of applicable law, the imposition of any penalties under applicable law, or adverse tax consequences for participants covered by the Company's medical, dental, and/or vision plans, the Company may terminate such coverage (or reimbursement) with respect to Executive and instead pay to Executive taxable cash payments at the same time and in the same amounts as the Company would have paid as premiums (or as COBRA premium reimbursements) to provide such coverage.

(c) If the Termination Date occurs upon or within one year after the occurrence of a Change in Control, each stock option granted by the Company to Executive that is outstanding as of the Termination Date and is not fully vested as of the date of the Termination Date shall, as of the date Executive provides the Company with the Irrevocable Release provided for in Section 5.06 (but only if the Irrevocable Release is provided within the period provided for by Section 5.06), become vested with respect to 100% of the shares with respect to which the stock option is not vested as of the Termination Date; provided, however that in no event shall any such option vest to the extent the option has expired prior to the date Executive provides the Company with the Irrevocable Release. For the avoidance of doubt, in the event that any of Executive's unvested stock options are to be terminated in connection with a Change of Control, Executive shall nonetheless be entitled to the accelerated vesting of 100% of the unvested stock options described in and subject to the conditions of this clause (c).

(i) For purposes of this Agreement, **"Change of Control"** means, and shall be deemed to have occurred, if:

a. any Person, excluding (i) employee benefit plans of the Company or any of its Affiliates, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, which Rules shall apply for purposes of this clause (a) whether or not the Company is subject to the Exchange Act), directly or indirectly, of Company securities representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities (**"Voting Power"**);

b. the Company consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Company (a **"Fundamental Transaction"**) with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined Voting Power immediately after such Fundamental Transaction of (i) the Company's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

c. the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or the consummation of the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets; or

d. during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) 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.

(d) The foregoing payment of Severance Benefits are expressly conditioned on receipt by the Company of an Irrevocable Release (as defined below) and the expiration of any statutory revocation period without any such revocation. To the extent such an Irrevocable Release has not been received by the Company, the time periods for payment of the Severance Benefits may be tolled by the Company until receipt of such an Irrevocable Release and expiration of such revocation period, at which point the Company may make a one-time catch-up payment for the applicable time period and then resume the regular periodic payment of Severance Benefits as provided in this Section 5.05.

5.06 Required Delivery of Irrevocable Release; Compliance with Section 6 Obligations. Notwithstanding the provisions of Section 5.05, as a condition to entitlement to the Severance Benefits, Executive must provide to the Company an Irrevocable Release not later than the twenty-first (21st) day after the Date of Termination (or longer, to the extent there is an applicable statutory period pursuant to which Executive may consider and/or revoke such release and such period has lapsed without any such revocation). In the event Executive fails to provide an Irrevocable Release to the Company within such period, the Company will immediately cease to pay or provide any further Severance Benefits and no accelerated vesting of stock options pursuant to Section 5.05(c) shall occur. **"Irrevocable Release"** means a confidential separation agreement and release of claims, in the form attached Exhibit A (as may be modified to reflect any change in laws or regulations that would pertain to such an agreement and release at the time of separation) that has been executed by Executive, delivered to the Company, and become irrevocable by Executive. In addition, in the event that Executive breaches the obligations under Section 6 of this Agreement at any time during the Severance Period, Executive will cease to be entitled to any further Severance Benefits.

6. **Promises and Covenants Regarding Confidential Information and Goodwill; Inventions and Assignment; Restrictive Covenants.**

6.01. Confidential Information and Goodwill. In consideration of Executive's promises and covenants contained in this Agreement, including Executive's promise and covenant not to disclose Confidential Information, Employer will provide Executive with Confidential Information. In further consideration of Executive's promises and covenants contained in this Agreement, including Executive's promise and covenant to utilize the Goodwill exclusively for the benefit of Employer, Employer will allow Executive to receive Confidential Information concerning the Company's customers, labs, vendors and employees and, to the extent required to fulfill Executive's duties, the Company will permit Executive to represent the Company on its behalf with such persons. To the extent that Executive's duties involve sales or customer relations, the Company will permit Executive to utilize the Goodwill in Executive's sales efforts and will provide sales support to Executive similar to that which it provides to its sales representatives.

6.02. Duties. While employed by Company, Executive shall perform the duties required of Executive hereunder and shall devote Executive's best efforts and, subject to the matters set forth on Schedule 1 (as amended from time to time by mutual written agreement of the parties), exclusive business time, energy and skill to performing such duties; not make any disparaging remarks regarding Company to any person with whom Company has business relations, including any employee or vendor of Company; use the Goodwill solely for the benefit of Company; and not interfere in such Goodwill, either during or following Executive's employment with Company.

6.03. Delivery of Company Property. Executive recognizes that all documents, magnetic media and other tangible items which contain Confidential Information are the property of Company exclusively. Upon request by Company or termination of Executive's employment with Company, Executive shall promptly return to Company all Confidential Information and Company Property within Executive's possession and control, and shall refrain from taking any Confidential Information or Company Property or allowing any Confidential Information or Company Property to be taken from Company; and immediately return to Company all information pertaining to Company or Company Property in Executive's possession.

6.04. Promise and Covenant Not to Disclose. The parties acknowledge that Company is the sole and exclusive owner of Confidential Information, and that Company has legitimate business interests in protecting Confidential Information. The parties further acknowledge that Company has invested, and continues to invest, considerable amounts of time and money in obtaining, developing, and preserving the confidentiality of Confidential Information and that, by reason of the trust relationship arising between Executive and Company, Executive owes Company a fiduciary duty to preserve and protect Confidential Information from all unauthorized disclosure and unauthorized use. Executive shall not, directly or indirectly, disclose Confidential Information to any third party (except to Executive's attorneys, the Company's personnel, other persons designated in writing by the Company, or except as otherwise provided by law) or use Confidential Information for any purpose other than for the direct benefit of Company while in Company's employ and thereafter.

6.05. Inventions and Assignment. Executive agrees that he will promptly disclose to the Company any and all Company Inventions and that Executive hereby irrevocably assigns to the Company all ownership rights in and to any and all Company Inventions. During Executive's employment or at any time thereafter, upon request of the Company, Executive will sign, execute and deliver any and all documents or instruments, including, without limitation, patent applications, declarations, invention assignments and copyright assignments, and will take reasonable action which the Company shall request to perfect in the Company trademark, copyright or patent rights with respect to Company Inventions, or to otherwise protect the Company's trade secrets and proprietary interests. The term **"*Inventions*"** means discoveries; developments; trade secrets; processes; formulas; data; lists; software programs; graphics; artwork; logos, and all other works of authorship, ideas, concepts, know-how, designs, and techniques, whether or not any of the foregoing is or are patentable, copyrightable, or registrable under any intellectual property laws or industrial property laws in the United States. The term **"*Company Inventions*"** means all Inventions that (a) relate to the business or proposed business of the Company or any of its predecessors or that are discovered, developed, created, conceived, reduced to practice, made, learned or written by Executive, either alone or jointly with others, in the course of Executive's employment; (b) utilize, incorporate or otherwise relate to Confidential Information; or (c) are discovered, developed, created, conceived, reduced to practice, made, or written by him using property or equipment of the Company or any of its predecessors. Executive agrees to promptly and fully communicate in writing to the Company (to such department or officer of the Company and in accordance with such procedures as the Company may direct from time to time) any and all Company Inventions. Executive acknowledges and agrees that any work of authorship by Executive or others comprising Company Inventions shall be deemed to be a "work made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. § 101 (2000)). To the extent that any such work of authorship may not be deemed to be a work made for hire, Executive hereby irrevocably assigns any ownership rights Executive may have in and to such work to the Company. This Agreement does not apply to any Inventions Executive made or to which Executive contributed before Executive's employment with the Company.

6.06. Other Promises and Covenants.

(a) During Executive's employment with Company and for a period of 12 months following termination of employment for any reason (the **"Non-Competition Period"**), Executive shall not either directly or indirectly, on Executive's own or another's behalf, engage in or assist others in any of the following activities (except on behalf of Company):

(i) (whether as principal, agent, partner or otherwise) engage in, own, manage, operate, control, finance, invest in, participate in, or otherwise carry on, or be employed by, associated with, or in any manner connected with, lend such Executive's name to, lend Executive's credit to, or render services or advice to a Competing Business anywhere in the Geographic Area; *provided*, *however*, that Executive may be employed by a Competing Business if (A) the role and responsibilities to be taken by Executive can clearly be segregated from any responsibility relating to the competing Company Business and (B) such Competing Business provides the Company with written confirmation acknowledging Executive's obligations under this Agreement with such Competing Business's agreement that it will ensure that Executive's role and responsibilities will be segregated in such manner;

(ii) provide or develop any products, technology or services that are the same or Substantially Similar to the products, technology and services provided or developed by the Company or any of its Affiliates;

(iii) induce or attempt to induce any customer, agent, supplier, licensee, or business relation of the Company or any of its Affiliates to cease doing business with the Company or any of its Affiliates, or in any way interfere with the relationship between any customer, supplier, licensee, or business relation of the Company or any of its Affiliates; or

(iv) on behalf of a Competing Business, solicit or attempt to solicit the business or patronage of any Person who is a customer or agent of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person.

For clarity, this Section 6.06(a) does not prohibit Executive from working at a non-Competing Business in the Geographic Area.

(b) During Executive's employment with Company and for a period of 12 months following termination of employment for any reason (the "Non-Solicitation Period"), Executive shall not either directly or indirectly, on Executive's own or another's behalf, engage in or assist others in any of the following activities:

(i) solicit, encourage, or take any other action which is intended to induce any employee, independent contractor or agent of the Company or any of its Affiliates to terminate Executive's employment or other business relationship with the Company or such Affiliate;

(ii) in any way interfere in any manner with the employment or other business relationship between the Company and/or any of its Affiliates, on the one hand, and any employee, independent contractor or agent of the Company or such Affiliate, on the other hand; or

(iii) employ, or otherwise engage as an employee, independent contractor or otherwise, any individual who was an employee or was otherwise affiliated with the Company or any of its Affiliates from the period beginning one year prior to Executive's last day of employment and continuing through the expiration of the Non-Solicitation Period.

provided, *however*, that nothing set forth in this Section 6 shall prohibit Executive from owning, as a passive investment, not in excess of five percent (5%) in the aggregate of any class of capital stock of any corporation if such stock is publicly traded and listed on any national or regional stock exchange or reported on the Nasdaq Stock Market.

6.07. Definitions. For purposes hereof:

(a) ***"Affiliate"*** means, with respect to any Entity, any Entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or under common control with, such Entity.

(b) ***"Agreement"*** means this Employment Agreement.

(c) ***"Company Business"*** means the research, development, testing and/or marketing/sales of pharmaceutical products or processes that are, rely on, target or rely upon (i) monoclonal antibodies directed against HER2 or B7-H3 that are in active clinical development (meaning that an IND has been filed and accepted by the FDA or EMA with respect to that product candidate and the Company is developing the protocol, enrolling sites or patients or analyzing patients with respect to a human clinical trial for such product candidate), (ii) any bi-specific or multi-specific antibody-based protein targeting any of the Company's product candidates that are in active clinical development (as described in (i))), or (iii) any target or specific combination of targets that is the subject of pre-clinical research and for which the Company intends to file an IND for a product candidate with such specificity or specificities in the 12 months following Termination.

(d) ***"Company Property"*** means all physical materials, documents, information, keys, computer software and hardware, including laptop computers and mobile or handheld scheduling computers, manuals, data bases, product samples, tapes, magnetic media, technical notes and any other equipment or items which Company provides for or to Executive or which otherwise belongs to the Company, and those documents and items which Executive may develop or help develop while in Company's employ, whether or not developed during regular working hours or on Company's premises. The term *"Company Property"* shall include the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials.

(e) ***"Competing Business"*** means any other Entity engaged in the Company Business, other than the Company and its Affiliates. For clarity, "Competing Business" does not include the Food & Drug Administration, any of the National Institutes of Health or other government or regulatory agencies, and non-profit Entities are applicable only to the extent they are engaged in the research and/or development of biopharmaceutical products.

(f) ***"Confidential Information"*** means the trade secrets and other information of Company, including but not limited to (i) the customer lists, customer contact information, customer purchase information, pricing information, strategic and marketing plans, compilations of customer information, names of employees, contracts with third parties, training, financial and marketing books, sales projections, internal employer databases, reports, manuals and information including information related to Company, its Affiliates or its customers, including those documents and items which any employee may develop or help develop while in the employ of the Company or any of its Affiliates, whether or not developed during regular working hours or on the premises of the Company or such Affiliate; (ii) the identity, skills, personnel file information, performance appraisals and compensation of job applicants, employees, contractors, and consultants; (iii) specialized training; (iv) source code, scripts, user screens, reports or any other information pertaining to the internal information technology or network of the Company and/or its Affiliates, including the proprietary database system commonly referred to as the Office System; and (v) information related to inventions owned by the Company or any of its Affiliates or licensed from third parties; and unless the context requires otherwise, the term "*Confidential Information*" includes the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials. The term "*Confidential Information*" does not include (1) information that was or becomes generally available publicly other than through disclosure by Executive, or (2) is required to be disclosed to any governmental agency or self-regulatory body or is otherwise required to be disclosed by law. Unless the context requires otherwise, the term *"Confidential Information"* shall include the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials.

(g) ***"Entity"*** means and includes any person, partnership, association, corporation, limited liability company, trust, unincorporated organization or any other business entity or enterprise.

(h) ***"Geographic Area"*** mean those states in the United States in which the Company or any of its subsidiaries conducts business and has a physical location, or in which its products are being sold or marketed at the time of the termination of Executive's employment.

(i) ***"Goodwill"*** means the value of the relationships between the Company and its agents, customers, vendors, labs, and employees.

(j) ***"Substantially Similar"*** means substantially competitive to the products or services being developed, manufactured or sold by the Company during and/or at the end of Executive's employment, or are marketed to substantially the same type of user or customer as that to which the products and services of the Company are marketed or proposed to be marketed.

6.08. Acknowledgements Regarding Other Promises and Covenants. With regard to the promises and covenants set forth herein, Executive acknowledges and agrees that:

(a) the restrictions are ancillary to an otherwise enforceable agreement including the provisions of this Agreement regarding the disclosure, ownership and use of the Confidential Information and Goodwill of Company;

(b) the limitations as to time, geographical area, and scope of activity to be restricted are reasonable and acceptable to Executive, and do not impose any greater restraint than is reasonably necessary to protect the Goodwill and other legitimate business interests of Company;

(c) the performance by Executive, and the enforcement by Company, of such promises and covenants will cause no undue hardship on Executive;

(d) Executive will play a key business role for the Company in which he will have access to the Company's Confidential Information and Goodwill;

(e) the time periods covered by the promises and covenants will not include any period(s) of violation of, or any period(s) of time required for litigation brought by Company to enforce any such promise or covenant, it being understood that the extension of time provided in this paragraph may not exceed two (2) years.

6.09. [Reserved.]

6.10. Independent Elements. The parties acknowledge that the promises and covenants contained in Section 6 above are essential independent elements of this Agreement and that, but for Executive agreeing to comply with them, Company would not employ Executive. Accordingly, the existence or assertion of any claim by Executive against Company, whether based on this Agreement or otherwise, shall not operate as a defense to Company's enforcement of the promises and covenants in Section 6. An alleged or actual breach of the Agreement by Company will not be a defense to enforcement of any such promise or covenant, or other obligations of Executive to Company. The promises and covenants in Section 6 will remain in full force and effect whether Executive is terminated by Company or voluntarily resigns.

6.11. Remedies for Breach of Agreement. Executive acknowledges that Executive's breach of any promise or covenant contained in Section 6 will result in irreparable injury to Company and that Company's remedies at law for such a breach will be inadequate. Accordingly, Executive agrees and consents that Company, in addition to all other remedies available at law and in equity, shall be entitled to both preliminary and permanent injunctions to prevent and/or halt a breach or threatened breach by Executive of any such promise or covenant, and Executive waives the requirement of the posting of any bond in connection with such injunctive relief. Executive further acknowledges and agrees that the promises and covenants contained in Section 6 are enforceable, reasonable, and valid.

6.12 Directors and Officers Insurance. During Executive's period of employment with the Company (and for any applicable "tail-period" thereafter), Executive shall be covered under a director and officer's liability insurance policy that provides insurance coverage for Executive on substantially the same terms and conditions as the other senior executives of the Company.

7. Miscellaneous.

7.01. Governing Law; Arbitration

(a) This Agreement is made under and shall be governed by and construed in accordance with the laws of Maryland, without regard to its conflicts of law principles.

(b) With respect to claims by the Company against Executive related to Executive's threatened or actual breach of Section 6 of this Agreement, each Party hereby irrevocably agrees that all actions or proceedings concerning such disputes may be brought by the Company in (a) the United States District Court for the District of Maryland; or (b) in any court of the State of Maryland sitting in Montgomery County, provided that the United States District Court lacks subject matter jurisdiction over such action or proceeding. Executive consents to jurisdiction of and venue in the courts in the State of Maryland set forth in this Section, and hereby waives to the maximum extent permitted by applicable law any objection which Executive may have based on improper venue or *forum non conveniens.*

(c) Except to the extent provided for in subsection (b) above, the Company and Executive agree that any claim, dispute or controversy arising under or in connection with this Agreement, or otherwise in connection with Executive's employment by the Company or termination of his employment (including, without limitation, any such claim, dispute or controversy arising under any federal, state or local statute, regulation or ordinance or any of the Company's employee benefit plans, policies or programs) shall be resolved solely and exclusively by binding, confidential, arbitration. The arbitration shall be held in Rockville, MD (or at such other location as shall be mutually agreed by the parties). The arbitration shall be conducted in accordance with the Commercial Rules of the American Arbitration Association (the **"AAA"**) in effect at the time of the arbitration, including the Expedited Procedures. All fees and expenses of the arbitration, including a transcript if either requests, shall be borne equally by the parties. Each party is responsible for the fees and expenses of its own attorneys, experts, witnesses, and preparation and presentation of proofs and post-hearing briefs (unless the party prevails on a claim for which attorney's fees are recoverable under law). In rendering a decision, the arbitrator shall apply all legal principles and standards that would govern if the dispute were being heard in court. This includes the availability of all remedies that the parties could obtain in court. In addition, all statutes of limitation and defenses that would be applicable in court, will apply to the arbitration proceeding. The decision of the arbitrator shall be set forth in writing, and be binding and conclusive on all parties. Any action to enforce or vacate the arbitrator's award shall be governed by the Federal Arbitration Act, if applicable, and otherwise by applicable state law. If either the Company or Executive improperly pursues any claim, dispute or controversy against the other in a proceeding other than the arbitration provided for herein, the responding party shall be entitled to dismissal or injunctive relief regarding such action and recovery of all costs, losses and attorney's fees related to such action. If Company and Executive cannot mutually agree on selection of an arbitrator, the AAA rules then in effect regarding arbitrator selection will be used to select an arbitrator.

7.02. Entire Agreement. This Agreement and the documents referenced herein (including applicable stock option agreements and the equity plans to which they relate) contain the entire agreement of the parties relating to the employment of Executive by Employer and the ancillary matters discussed herein and supersedes all prior agreements, negotiations and understandings with respect to such matters, including, without limitation, any term sheet between the parties hereto with respect to such matters, and the parties hereto have made no agreements, representations or warranties relating to such employment or ancillary matters which are not set forth herein.

7.03. Withholding Taxes. Employer may withhold from any compensation and Benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

7.04. Golden Parachute Limit. Notwithstanding any other provision of this Agreement, in the event that any portion of the Severance Benefits or any other payment or benefit received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (collectively, the **"Total Benefits"**) would be subject to the excise tax imposed under Section 4999 of the Code (the **"Excise Tax"**), the Total Benefits shall be reduced to the extent necessary so that no portion of the Total Benefits is subject to the Excise Tax; provided, however, that no such reduction in the Total Benefits shall be made if by not making such reduction, Executive's Retained Amount (as hereinafter defined) would be more than ten percent (10%) greater than Executive's Retained Amount if the Total Benefits are so reduced. All determinations required to be made under this Section 7.04 shall be made by tax counsel selected by the Company and reasonably acceptable to Executive (**"Tax Counsel"**), which determinations shall be conclusive and binding on Executive and the Company absent manifest error. All fees and expenses of Tax Counsel shall be borne solely by the Company. Prior to any reduction in Executive's Total Benefits pursuant to this Section 7.04, Tax Counsel shall provide Executive and the Company with a report setting forth its calculations and containing related supporting information. In the event any such reduction is required, the Total Benefits shall be reduced in the following order: (i) the Severance Amount (in reverse order of payment), (iii) any other portion of the Total Benefits that are not subject to Section 409A of the Code (other than Total Benefits resulting from any accelerated vesting of equity awards), (iv) other Total Benefits that are subject to Section 409A of the Code in reverse order of payment, and (v) Total Benefits that are not subject to Section 409A and arise from any accelerated vesting of any equity awards. **"Retained Amount"** shall mean the present value (as determined in accordance with sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of the Total Benefits net of all federal, state and local taxes imposed on Executive with respect thereto.

7.05. Compliance With Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code (including the exceptions thereto), to the extent applicable, and shall be interpreted accordingly. If any provision contained in this Agreement conflicts with the requirements of Section 409A of the Code (or the exemptions intended to apply under this Agreement), this Agreement shall be deemed to be reformed to comply with the requirements of Section 409A of the Code (or applicable exemptions thereto). Notwithstanding anything to the contrary herein, for purposes of determining Executive's entitlement to the Severance Benefits under Section 5 hereof, (a) Executive's employment shall not be deemed to have terminated unless and until Executive incurs a "separation from service" as defined in Section 409A of the Code, and (b) the effective date of any termination or resignation of employment (or any similar term) shall be the effective date of Executive's separation from service. Reimbursement of any expenses provided for in this Agreement shall be made in accordance with the Company's policies (as applicable) with respect thereto as in effect from time to time (but in no event later than the end of calendar year following the year such expenses were incurred) and in no event shall (i) the amount of expenses eligible for reimbursement hereunder during a taxable year affect the expenses eligible for reimbursement in any other taxable year or (ii) the right to reimbursement be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary herein, if a payment or benefit under this Agreement is due to a "separation from service" for purposes of the rules under Treas. Reg. § 1.409A-3(i)(2) (payments to specified employees upon a separation from service) and Executive is determined to be a "specified employee" (as determined under Treas. Reg. § 1.409A-1(i)), such payment shall, to the extent necessary to comply with the requirements of Section 409A of the Code, be made on the later of (x) the date specified by the foregoing provisions of this Agreement or (y) the date that is six (6) months after the date of Executive's separation from service (or, if earlier, the date of Executive's death). Any installment payments that are delayed pursuant to the provisions of this section shall be accumulated and paid in a lump sum on the first day of the seventh month following Executive's separation from service (or, if earlier, upon Executive's death) and the remaining installment payments shall begin on such date in accordance with the schedule provided in this Agreement. To the extent permitted by Section 409A, each payment hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. Notwithstanding the foregoing, to the extent this Agreement (or any provision of this Agreement) is determined not to be compliant with Section 409A of the Code, the Company shall not be liable for any resulting taxes to be paid by Executive.

7.06. Amendments. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and signed by both Executive and Employer.

7.07. Severability; Reformation. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable Law but if any provision of this Agreement is held to be invalid, illegal or unenforceable under any applicable Law or rule, the validity, legality and enforceability of the other provisions of this Agreement will not be affected or impaired thereby. If any provision of this Agreement is found invalid, illegal or unenforceable because it is too broad in scope, too lengthy in duration or violates any Law or regulation, it shall be reformed by limiting its scope, limiting its duration or construing it to avoid such violation (as the case may be) while giving the greatest effect to the intent of the parties as is legally permissible.

7.08. No Waiver. No waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the party against whom such waiver is sought to be enforced, and any such waiver shall be effective only in the specific instance and for the specific purpose for which given.

7.09. Assignment; No Third Party Beneficiary. This Agreement is a personal service contract, and shall not be assignable by Executive. This Agreement shall be assignable by Employer to any affiliate of Employer without the written consent of the Executive. This Agreement shall be assignable by Employer to any successor to the business of Employer, without the written consent of Executive; provided, however, that the assignee or transferee is the successor to all or substantially all of the business assets of Employer and such assignee or transferee expressly assumes all the obligations, duties, and liabilities of Employer set forth in this Agreement. Any purported assignment of this Agreement in violation of this Section 7.09 shall be null and void. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and no other Person shall have any right, benefit or obligation hereunder.

7.10. Counterparts; Facsimile Signatures. This Agreement may be executed in separate counterparts, each of which will be an original and all of which taken together shall constitute one and the same agreement, and any party hereto may execute this Agreement by signing any such counterpart. A facsimile signature by any party on a counterpart of this Agreement shall be binding and effective for all purposes. Such party shall subsequently deliver to the other party an original, executed copy of this Agreement; provided, however, that a failure of such party to deliver an original, executed copy shall not invalidate Executive's or its signature.

7.11. Notices. All notices and other communications relating to this Agreement will be in writing and will be deemed to have been given when personally delivered, three (3) days following mailing by certified or registered mail, return receipt requested, and one (1) Business Day following delivery to a reliable overnight courier or immediately following transmission by electronic facsimile. All notices to Employer shall be addressed and delivered to:

MacroGenics, Inc.
9640 Medical Center Drive
Rockville, MD 20850
Attn: General Counsel

or to such other address and facsimile number as designated by Employer in a written notice to Executive. All notices to Executive shall be addressed and delivered to:

Ezio Bonvini, M.D.
XXXXXXXXXXXXX

XXXXXXXXXXXXX

or to such other address and facsimile number as Executive has designated in a written notice to Employer.

7.12. Interpretation. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

7.13. Cumulative Remedies. The rights and remedies of the parties hereunder are cumulative and not exclusive of any rights or remedies any party hereto may otherwise have.

7.14. Expenses Relating to this Agreement. Each party shall pay its or Executive's own expenses incident to the negotiation, preparation and execution of this Agreement.

IN WITNESS WHEREOF, Executive and Employer have executed this Employment Agreement as of the date set forth in the first paragraph.

"EMPLOYER"

MacroGenics, Inc.

By:/s/ Scott Koenig
Name: Scott Koenig
Title: President and CEO

"EXECUTIVE"

/s/ Ezio Bonvini, M.D.

Ezio Bonvini, M.D.

SCHEDULE 1

OUTSIDE ACTIVITIES

EXHIBIT A

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE

Pursuant to the Employment Agreement by and between Ezio Bonvini, M.D. (**"Executive"**) and MacroGenics, Inc. (the **"Company"**), in order for Executive to receive the Severance Amount therein, Executive is required to enter into this Separation Agreement and General Release (this **"Release"**).

In consideration of the foregoing, of the mutual promises herein contained, of other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged by the Parties, it is agreed as follows:

1. As of the Termination Date, and at all times forward, Executive will not hold himself out to any person or entity as being an employee, officer, representative, or agent of the Company.

2. In exchange for the considerations provided for in this Agreement including the receipt of the Severance Amount, Executive hereby completely, irrevocably, and unconditionally releases and forever discharges the Company, and any of its affiliated companies, and each and all of their officers, agents, directors, supervisors, employees, representatives, and their successors and assigns, and all persons acting by, through, under, for, or in concert with them, or any of them, in any and all of their capacities (hereinafter individually or collectively, the **"Released Parties"**), from any and all charges, complaints, claims, and liabilities of any kind or nature whatsoever, known or unknown, suspected or unsuspected (hereinafter referred to as "claim" or "claims") which Executive at any time heretofore had or claimed to have or which Executive may have or claim to have regarding events that have occurred as of the Effective Date of this Agreement, including, without limitation, those based on: any employee welfare benefit or pension plan governed by the Employee Retirement Income Security Act as amended (hereinafter **"ERISA"**) (provided that this release does not extend to any vested retirement benefits of Executive under Company's 401(k) Safe Harbor Plan); the Civil Rights Act of 1964, as amended (race, color, religion, sex and national origin discrimination and harassment); the Civil Rights Act of 1966 (42 U.S.C. § 1981) (discrimination); the Age Discrimination in Employment Act of 1967 (hereinafter **"ADEA"**), as amended; the Older Workers Benefit Protection Act, as amended; the Americans With Disabilities Act (hereinafter **"ADA"**), as amended; § 503 of the Rehabilitation Act of 1973; the Fair Labor Standards Act, as amended (wage and hour matters); the Family and Medical Leave Act, as amended, (family leave matters), Article 49B of the Maryland Code (discrimination), any other federal, state, or local laws or regulations regarding employment discrimination or harassment, wages, insurance, leave, privacy or any other matter; any negligent or intentional tort; any contract, policy or practice (implied, oral, or written); or any other theory of recovery under federal, state, or local law, and whether for compensatory or punitive damages, or other equitable relief, including, but not limited to, any and all claims which Executive may now have or may have had, arising from or in any way whatsoever connected with Executive's employment or contacts, with Company or any other of the Released Parties.

Executive acknowledges, understands and agrees that Executive has been paid in full for all hours that Executive has worked for the Company and that Executive has been paid any and all compensation or bonuses which have been earned by Executive through the date of execution of this Agreement other than payments required by Section 5 of the Employment Agreement. Executive acknowledges, understands and agrees that Executive has not been denied any leave requested under the FMLA or applicable state leave laws and that, to the extent applicable, Executive has been returned to Executive's job, or an equivalent position, following any FMLA or state leave taken pursuant to the FMLA or state laws. Executive acknowledges, understands and agrees that Executive has reported to the Employer's management personnel any work related injury or illness that occurred up to and including Executive's last day of employment. Executive acknowledges, understands, and agrees that Executive has no knowledge of any actions or inactions by any of the Released Parties or by Executive not previously disclosed to the Company that Executive believes could possibly constitute a basis for a claimed violation of any federal, state, or local law, any common law or any rule promulgated by an administrative body.

3. To the extent permitted by law, Executive agrees that he will not cause or encourage any future legal proceedings to be maintained or instituted against any of the Released Parties. To the extent permitted by law, Executive agrees that he will not accept any remedy or recovery arising from any charge filed or proceedings or investigation conducted by the EEOC or by any state or local human rights or employment rights enforcement agency relating to any of the matters released in this Agreement. Nothing in this Section 3 is intended to preclude, limit or inhibit Executive's ability or willingness to cooperate with any government agency in any investigation of the Released Parties.

4. Older Workers Benefit Protection Act /ADEA Waiver

4.01. Executive acknowledges that Company has advised him in writing to consult with an attorney of his choice before signing this Agreement, and Executive has been given the opportunity to consult with an attorney of his choice before signing this Agreement.

4.02. Executive acknowledges that he has been given the opportunity to review and consider this Agreement for a full twenty-one days before signing it, and that, if he has signed this Agreement in less than that time, he has done so voluntarily in order to obtain sooner the benefits of this Agreement.

4.03. Executive further acknowledges that he may revoke this Agreement within seven (7) days after signing it, provided that this Agreement will not become effective until such seven (7) day period has expired. To be effective, any such revocation must be in writing and delivered to Company's principal place of business by the close of business on the seventh (7th) day after signing the Agreement and must expressly state Executive's intention to revoke this Agreement. Provided that Executive does not timely revoke this Agreement, the eighth (8th) day following Executive's execution hereof shall be deemed the "Effective Date" of this Agreement.

4.04. The Parties also agree that the release provided by Executive in this Agreement does not include a release for claims under the ADEA arising after the date Executive signs this Agreement.

5. Executive shall promptly turn over to the Company any and all documents, files, computer records, or other materials belonging to, or containing confidential or proprietary information obtained from, the Company that are in Executive's possession, custody, or control, including any such materials that may be at Executive's home.

6. Executive acknowledges his obligation to comply with any confidentiality or non-disclosure agreement Executive has executed including as set forth in the Employment Agreement.

7. The Parties agree that they will keep absolutely confidential, and not make any future disclosures to anyone except that the Parties may disclose this Agreement:

7.01. to enforce this Agreement; and/or

7.02. to an attorney; and/or

7.03. tax advisor or attorney in connection with a tax matter; and/or

7.04. to the United States Internal Revenue Service, or state or local tax authority upon its request for tax purposes; and/or

7.05. as required by court order or otherwise required by law or in response to valid legal process; provided that the Parties may make disclosure to attorneys, accountants, tax advisors, and family members only if such persons agree to keep the information confidential; and provided further that before providing information pursuant to a court order or other legal requirement, the Party providing such information shall promptly notify the other Party, and to the extent possible will comply with the court order or other legal requirement in ways that preserve confidentiality; and

7.06. to prospective employers consistent with Section 6.09 of the Employment Agreement.

8. Executive agrees that Executive will not publicly make or publish any adverse, disparaging, untrue, or misleading statement or comment about the Company or any of its officers, directors, employees, or agents. The Company agrees to instruct its directors, officers, and senior management not to publicly make or publish any adverse, disparaging, untrue, or misleading statement or comment about Executive.

9. Executive agrees to answer questions that the Company may have from time to time regarding matters that Executive worked on and to cooperate with the Company, upon request, to assist in the investigation, prosecution or defense of any claim, grievance, investigation, or audit by or against the Company. The time requirement for these activities will be nominal, will not be disruptive to the ability of the Executive to perform his own ongoing personal or professional responsibilities and will not require travel unless agreed upon by the Executive. The Company agrees to reimburse Executive for any reasonable and necessary out-of-pocket expenses he incurs as a result of such cooperation and to compensate him a reasonable hourly rate in the event such cooperation exceeds an aggregate of 20 hours (provided that the first 20 hours of cooperation has been performed to the reasonable satisfaction of the Company).

10. This Agreement shall not in any way be construed as an admission by the Company of any acts of unlawful conduct, wrongdoing or discrimination against Executive, and the Company specifically disclaims any liability to Executive on the part of itself, its employees, or its agents. This Agreement shall not in any way be construed as an admission by Executive of any acts of unlawful conduct, wrongdoing or discrimination against the Company, and Executive specifically disclaims any liability to Company on the part of himself or his agents.

11. This Agreement shall be binding upon Executive and upon Executive's heirs, administrators, representatives, executors, successors, and assigns, and shall inure to the benefit of the Company, and its representatives, executors, successors, and assigns. This Agreement shall be binding upon the Company and upon the Company's assigns and shall inure to the benefit of Executive and his heirs, administrators, representatives, executors, successors, and assigns.

12. This Agreement, including its Exhibits, and any applicable stock option agreements and the equity plans to which they relate, set forth the entire agreement between the Company and Executive and, except as expressly provided for in this Agreement, fully supersedes any and all prior agreements or understandings between the Company and Executive pertaining to the subject matter hereof, except that Executive's obligations in Section 6 of the Employment Agreement between Executive and the Company shall remain in full force and effect. In reaching this Agreement, neither the Company nor Executive has relied upon any representation or promise except those set forth herein. If any provision, or portion of a provision, of this Agreement is held to be invalid or unenforceable for any reason, the remainder of the Agreement shall remain in full force and effect, as if such provision, or portion of such provision, had never been contained herein. The unenforceability or invalidity of a provision of the Agreement in one jurisdiction shall not invalidate or render that provision unenforceable in any other jurisdiction.

13. This Agreement cannot be amended, modified, or supplemented in any respect except by written agreement entered into and signed by the Parties.

14. This Agreement shall be governed by the laws of the State of Maryland without giving effect to conflict of laws principles, and Executive consents to exclusive personal jurisdiction in the state and federal courts of the State of Maryland for any proceeding arising out of or relating to this Agreement. The language of all parts of the Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the Parties.

15. Executive acknowledges that he has read each and every section of this Agreement and that he understands his rights and obligations under this Agreement. Executive acknowledges that the Company has advised him in writing to consult with an attorney of his choice before signing this Agreement, and that Executive has been given the opportunity to consult with an attorney of his choice before signing this Agreement.

16. This Agreement may be signed in counterparts, each of which shall be considered an original for all purposes, and all of which taken together shall constitute one and the same written agreement.

IN WITNESS WHEREOF, the Company, has caused this Agreement to be executed by its duly authorized officer, and Executive has executed this Agreement, on the date(s) set forth below.

Executive

_____
Ezio Bonvini, M.D. /Date

MacroGenics, Inc.

By:_____
Name: /Date
Title:

I, Scott Koenig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2016 of MacroGenics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 4, 2016

I, James Karrels, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2016 of MacroGenics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James Karrels
James Karrels
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 4, 2016

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Scott Koenig, President and Chief Executive Officer (principal executive officer) of MacroGenics, Inc. (the Registrant), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended March 31, 2016 of the Registrant (the Report), that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Scott Koenig
Name: Scott Koenig, M.D., Ph.D.
Date: May 4, 2016

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, James Karrels, Senior Vice President and Chief Financial Officer (principal financial officer) of MacroGenics, Inc. (the Registrant), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended March 31, 2016 of the Registrant (the Report), that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ James Karrels
Name: James Karrels
Date: May 4, 2016