UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

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: 001-36182

Xencor, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**20-1622502**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
465 North Halstead Street, Suite 200, Pasadena, CA	**91107**
(Address of Principal Executive Offices)	(Zip Code)

(626) 305-5900
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	XNCR	The Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of June 30, 2024 was $1,160,480,518.

The number of outstanding shares of the registrant's common stock, par value $0.01 per share, as of February 14, 2025 was 70,461,934.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2025 Annual Meeting of Stockholders, which will be filed subsequent to the date hereof, are incorporated by reference into Part III of this Form 10-K. Such proxy statement will be filed with the Securities and Exchange Commission not later than 120 days following the end of the registrant's fiscal year ended December 31, 2024.

Xencor, Inc.
FORM 10-K
For the Fiscal Year Ended December 31, 2024
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PART I

Forward-Looking Statements

This Annual Report on Form 10-K (Annual Report) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements contained in this Annual Report other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. You should not place undue reliance on these statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under Part I, Item 1A, "Risk Factors" in this Annual Report. These statements, which represent our current expectations or beliefs concerning various future events, may contain words such as "may," "will," "expect," "anticipate," "intend," "plan," "believe," "estimate" or other words indicating future results. Such statements may include, but are not limited to, statements concerning the following:

- the effects of inflation on our financial condition, results of operations, cash flows and performance;
- our ability to execute on our plans to research, develop and commercialize our product candidates;
- the success of our ongoing and planned clinical trials;
- the timing of and our ability to obtain and maintain regulatory approval for our product candidates;
- our ability to identify additional products or product candidates with significant commercial potential that are consistent with our business objectives;
- our ability to receive research funding and achieve anticipated milestones under our collaborations;
- our partners' ability to advance drug candidates into, and successfully complete, clinical trials;
- our ability to attract collaborators with development, regulatory, and commercialization expertise;
- our ability to protect our intellectual property position;
- the rate and degree of market acceptance and clinical utility of our products;
- costs of compliance and our failure to comply with new and existing governmental regulations;
- the capabilities and strategy of our suppliers and vendors including key manufacturers of our clinical drug supplies;
- significant competition in our industry;
- the potential loss or retirement of key members of management;
- our failure to successfully execute our growth strategy including any delays in our planned future growth;
- our failure to maintain effective internal controls, which led to the restatement of our financial statements, and the risk that we may experience additional material weaknesses; and
- our ability to accurately estimate expenses, future revenues, capital requirements and needs for additional financing.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this Annual Report, and except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise after the date of this Annual Report. We qualify all of our forward-looking statements by these cautionary statements.

Item 1. Business.

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing engineered antibody therapeutics to treat patients with cancer and autoimmune diseases, who have unmet medical needs. We use our protein engineering capabilities to design new technologies and XmAb® drug candidates with improved properties. We advance these candidates into clinical-stage development, where we are conducting Phase 1 and Phase 2 studies for a broad portfolio of programs, to determine which programs we advance into later stages of development and potentially commercialization, which programs we partner to access complementary resources to optimize development, and which programs we discontinue.

Our approach to protein design includes engineering Fc domains, the parts of antibodies that interact with multiple segments of the immune system and control antibody structure. The Fc domain is constant and interchangeable among antibodies, and our engineered XmAb Fc domains can be readily substituted for natural Fc domains.

We and our partners develop XmAb antibodies and other types of biotherapeutic drug candidates with improved properties and functionality, which can provide innovative approaches to potentially treating disease and clinical benefits over other treatment options. Applications of our protein engineering technologies include multi-specific antibodies that bind two or more different targets simultaneously, creating entirely new biological mechanism of anti-disease activity, or enhancement of antibody performance by increasing immune inhibitory activity, improving cytotoxicity, extending circulating half-life and stabilizing novel protein structures. Three marketed XmAb medicines have been developed with our protein engineering technologies.

Our protein engineering capabilities allow us to continually explore new functionality in the Fc region, which provides us with opportunities to:

- Engineer new drug candidates and advance them through clinical development;
- Create new technology platforms; and
- Provide collaboration and licensing opportunities with partners for application of our technologies, access to our technologies, access to our drug candidates, or combinations of each.

Our Strategy

Our goal is to become a leading biopharmaceutical company that develops and commercializes engineered biologic medicines to treat patients with severe and life-threatening diseases with unmet medical needs. Key elements of our strategy are to:

1. ***Advance the development of our XmAb antibody programs for oncology and autoimmune diseases.*** Our modular bispecific technology and protein engineering capabilities enable us to rapidly advance multiple drug candidates into clinical development. We and our partners are enrolling patients in multiple clinical studies to evaluate XmAb drug candidates.

2. ***Build and manage a pipeline of XmAb drug candidates.*** We advance multiple XmAb drug candidates into early stages of clinical development and evaluate data from studies in managing our pipeline of candidates. Based on the evaluation of emerging data and the competitive environment for such programs, we make additional investments in those candidates that demonstrate encouraging proof of concept, partner certain drug candidates to third-party biotechnology and pharmaceutical companies, and stop development of some candidates due to emerging data and resource allocation across our pipeline.

3. ***Leverage our protein engineering capabilities, XmAb Fc domains, and XmAb drug candidates with partnerships, collaborations, and licenses to generate revenue streams, create new drug candidates and combination treatments, and identify new indications for our pipeline of drug candidates.***

   Generate revenue streams. The plug-and-play nature of our Fc technologies and our ability to generate multiple drug candidates efficiently provides us opportunities to generate revenue from licensing and collaboration arrangements.

Create new XmAb drug candidates and investigate novel combination therapies. We seek to leverage our XmAb Fc domains and protein engineering capabilities with partners to create novel XmAb drug candidates, and to evaluate our XmAb drug candidates in combination with other therapeutic agents, when applicable.

Identify new indications for our pipeline of drug candidates.

4. ***Broaden the functionality of our XmAb Fc technology platforms.*** We are conducting further research into the function and application of antibody Fc domains in order to expand the scope of our XmAb Fc technology platforms. We use the modularity of our XmAb bispecific Fc domains to engineer XmAb drug candidates in a variety of structural formats.

5. ***Continue to expand our patent portfolio protecting our Fc technologies and XmAb drug candidates.*** We seek to expand our intellectual property estate and protect our proprietary Fc technologies, our development programs, and XmAb drug candidates by filing and prosecuting patents in the United States (U.S.) and other countries. Where appropriate, we will seek expansion and extension of patents issued for our product candidates and for partnered product candidates that incorporate our Fc technologies.

XmAb Bispecific Fc Domain and Multi-Specific Antibody Formats

Our modular approach to protein engineering is a distinguishing feature of our Fc technologies. This inherent flexibility enables us to design multiple XmAb drug candidates with distinct and novel mechanisms-of-action and to seek out new applications of the XmAb Bispecific Fc Domain. Our business, research, and clinical efforts are to develop and advance our Fc technologies and our portfolio of XmAb drug candidates in oncology and autoimmune diseases.

CD3 candidates: CD3 T-cell engaging bispecific antibodies are designed to redirect T cells to target cells through the engagement of an antigen on target cells and CD3, an activating receptor on T cells.

We have significantly expanded the potential of our CD3 T-cell engagers with the multi-specific XmAb 2+1 bispecific antibody format, utilizing two identical antigen binding domains and one CD3 targeting domain. The affinities for antigen binding are engineered to enable selective engagement and killing of high antigen-expressing target cells over low antigen-expressing normal cells.

In preclinical cancer models, XmAb 2+1 bispecific antibodies bound preferentially to tumor cells compared to normal cells and effectively recruited T cells to kill tumor cells selectively. We believe that these properties will be particularly important when developing bispecific antibodies against many solid tumor targets, where standard monovalent targeting of tumor antigens could lead to poor tolerability because such targets are often expressed on a range of normal tissues, including critical organs. Our XmAb819 and XmAb541 CD3 candidates, which are being developed for patients with solid tumors, have been designed using our CD3 2+1 format.

We have leveraged our XmAb protein engineering platforms to create XmAb657, a potent, potentially long-acting CD19 x CD3 bispecific antibody, utilizing the XmAb 2+1 bispecific antibody format and Xtend Fc technology. In non-human primate studies, a single dose of XmAb657 deeply reduced B cells by over 99.98% in the peripheral compartment, bone marrow and lymph nodes, which was sustained for at least 28 days. Half-life was estimated to be 15 days, which indicates a potential for durable B-cell depletion in clinical studies. XmAb657 was well tolerated preclinically, with no clinical signs of cytokine release syndrome. We plan to initiate a first-in-human study during the second half of 2025.

TL1A x IL-23: We believe a drug candidate to potentially emerge from our TL1A x IL-23 program could address significant unmet medical needs for patients with inflammatory bowel diseases (IBD), such as Crohn's disease and ulcerative colitis, the two most common forms of IBD. An engineered XmAb TL1A x IL-23p19 bispecific antibody could potentially provide dual targeting of important inflammatory pathways for autoimmune and inflammatory disease, while avoiding the complexities of dosing and formulary access for two separate TL1A and IL23 targeted drugs. We anticipate selecting a lead candidate in 2025 and initiating first-in-human studies during 2026.

CD28 candidates: T cells in the tumor microenvironment require both T-cell receptor (TCR) and co-stimulatory receptor engagement to achieve full activation. CD28 is a key immune co-stimulatory receptor on T cells; however, the ligands that activate T cells through CD28 are often not expressed on tumor cells. Targeted CD28 T-cell engaging bispecific antibodies may provide conditional co-stimulation of T cells, for example, to T cells recognizing neoantigens or

in concert with CD3 T-cell engaging bispecific antibodies. Our XmAb808 CD28 candidate has been engineered to provide selective CD28 co-stimulation of T cells, activating them when bound to tumor cells.

We continue to invest in our protein engineering efforts to identify novel technologies and drug candidates.

Other XmAb Fc Domains

We have also created additional XmAb Fc domains, and we have successfully entered partnerships for these technologies and for XmAb drug candidates that incorporate them. We continue to seek additional partnering and licensing opportunities for these Fc domains. Additional XmAb Fc domains include:

1. ***Immune Inhibitor Fc Domain*** – selective immune inhibition and rapid target clearance, targeting the receptor FcγRIIb;
2. ***Cytotoxic Fc Domain*** – increased cytotoxicity, targeting the receptors FcγRIIIa on natural killer (NK) cells and FcγRIIa on other immune system cells; and
3. ***Xtend™ Fc Domain*** – extended antibody half-life, targeting the receptor FcRn on endothelial cells.

Drug Candidates in Clinical Development

Wholly Owned	Developed by Partners	Marketed by Partners
Oncology pipeline:	Xaluritamig	Ultomiris*
XmAb819	Obexelimab	Monjuvi*
XmAb541	Teropavimab and zinlirvimab	Sotrovimab
XmAb808	Tobevibart	
	ASP2138	
Autoimmune pipeline:	Novartis antibody	
XmAb942	Xpro1595/INB03	
	Zaltenibart (OMS906)	
	JNJ-9401	
	JNJ-1493	

* Alexion and Incyte are conducting additional Phase 3 studies in new indications.

We regularly evaluate our portfolio of candidates and make additional investments in candidates with promising early-stage clinical data, partner out other candidates, and stop development of candidates where early clinical data does not support further investment by us. During 2024:

- We reacquired exclusive worldwide rights to plamotamab and subsequently announced new Phase 1b/2a clinical development plans for plamotamab in rheumatoid arthritis (RA);
- We announced new XmAb drug candidates, XmAb942 and XmAb657, to be evaluated for the treatment of patients with autoimmune and inflammatory diseases;
- We initiated first-in-human studies for our XmAb541 and XmAb942 programs;
- We presented early data from the Phase 2 monotherapy study of vudalimab in patients with clinically defined high-risk metastatic castration-resistant prostate cancer (mCRPC); and
- We concluded the Phase 1 development programs evaluating our internally developed cytokine programs, XmAb564 and XmAb662, and paused further development.

Wholly Owned Clinical-Stage XmAb Drug Candidates

Our modular XmAb technologies and protein engineering capabilities enable us to rapidly advance multiple drug candidates into clinical development. We are currently enrolling Phase 1 studies for three wholly-owned candidates to treat patients with many different types of serious diseases: XmAb819, XmAb541 and XmAb942. Two additional drug candidates are planned to enter clinical development in 2025: plamotamab and XmAb657.

Oncology Programs

XmAb819 (ENPP3 x CD3): XmAb819 is a first-in-class, tumor-targeted, T-cell engaging XmAb 2+1 bispecific antibody in development for patients with clear cell renal cell carcinoma (ccRCC). XmAb819 engages the immune system and activates T cells for highly potent and targeted lysis of tumor cells expressing ENPP3, an antigen highly expressed on kidney cancers. ENPP3 is a differentially expressed target, with high level expression in renal cell carcinoma (RCC) and low level expression on normal tissues. With two tumor-antigen binding domains and one T-cell binding domain, our XmAb 2+1 format enables antibodies to bind more avidly and selectively kill tumor cells with higher antigen density, potentially sparing normal cells.

We are conducting a Phase 1 study to evaluate XmAb819 in patients with advanced ccRCC. In September 2024, we announced that initial evidence of anti-tumor activity had been observed in dose-escalation cohorts in the ongoing Phase 1 study, including RECIST responses, and the duration of treatment for several patients in earlier dose cohorts has extended beyond one year. Cytokine release syndrome remained manageable, and the tolerability profile from recent dose cohorts, including no maximum tolerated dose being reached, supported continued dose escalation toward target dose levels.

XmAb541 (CLDN6 x CD3): XmAb541 is a first-in-class, tumor-targeted, T-cell engaging XmAb 2+1 bispecific antibody in development for patients with Claudin-6 (CLDN6) expressing tumor types including ovarian cancer. XmAb541 targets CLDN6, a tumor-associated antigen in ovarian cancer and other solid tumors, and CD3. The XmAb 2+1 multivalent format used in XmAb541 enables greater selectivity for CLDN6 over similar Claudin family members, such as CLDN9, CLDN3 and CLDN4. We are conducting a Phase 1 study to evaluate XmAb541 in patients with ovarian cancer and other CLDN6 expressing tumor types. The first patient was dosed in April 2024. The Phase 1 dose-escalation study is ongoing, with characterization of target dose levels anticipated to begin during 2025.

XmAb808 (B7-H3 x CD28): XmAb808 is a tumor-selective, co-stimulatory CD28 bispecific antibody that binds to the broadly expressed tumor antigen B7-H3 and is constructed with the XmAb 2+1 multivalent format. Co-stimulation is required for T cells to achieve full activation, and targeted CD28 bispecific antibodies may provide conditional co-stimulation of T cells when the antibodies are bound to tumor cells.

We are conducting a Phase 1 study to evaluate XmAb808 in combination with pembrolizumab in patients with advanced solid tumors. In September 2024, we presented a clinical update on the ongoing Phase 1 study. The majority of patients enrolled into the study were men with mCRPC. In this group of patients, prostate specific antigen (PSA) declines were observed during the four-week monotherapy safety run-in period. In November 2024, we announced that within the range of expected active doses, two patients experienced dose-limiting toxicities as defined in the study protocol. The maximum tolerated dose was not defined per protocol. As the data were analyzed, back-fill enrollment proceeded in the next lower dose cohort, a dose within the range of target doses which was determined to be tolerable.

Dose escalation resumed late in the fourth quarter of 2024, and enrollment in the final dose-escalation cohort is complete. Data from the study are expected to inform future development decisions for the program. Potential combination with CD3 T-cell engaging bispecific antibodies is being evaluated.

Vudalimab (PD-1 x CTLA-4): Vudalimab is a bispecific antibody that targets PD-1 and CTLA-4, two immune checkpoint receptors, to selectively activate the tumor microenvironment. In the fourth quarter of 2024, we completed enrollment in two studies of vudalimab in patients with mCRPC and in Part 1 of a study in patients with locally advanced or metastatic non-small cell lung cancer. We have paused further development of vudalimab and have prioritized resources to advance other pipeline programs. Safety data from the three studies of vudalimab remain consistent with prior data disclosures.

Autoimmune Disease Programs

In September 2024, we announced new clinical development plans for plamotamab and announced new XmAb drug candidates to be evaluated for the treatment of patients with autoimmune and inflammatory diseases. We believe that plamotamab and XmAb657 could address significant unmet needs for patients with a wide-range of autoimmune diseases that could be responsive to targeted B-cell depletion, such as RA, multiple sclerosis, advanced systemic lupus erythematosus, anti-neutrophil cytoplasmic antibody (ANCA) associated vasculitis, idiopathic inflammatory myopathy, myasthenia gravis, neuromyelitis optica spectrum disorder, pemphigus vulgaris, Sjogren's syndrome, and systemic sclerosis. We believe that XmAb942 could address significant unmet medical needs for patients with IBD, such as Crohn's disease and ulcerative colitis, the two most common forms of IBD.

XmAb942 (Xtend TL1A): XmAb924 is a monospecific anti-TL1A antibody, utilizing Xencor's Xtend Fc domain and proprietary Fc silencing technology, with potentially class-leading potency, and is under development for people with IBD. The two most common forms of IBD are Crohn's disease and ulcerative colitis. In October 2024, preclinical data were presented during United European Gastroenterology (UEG) Week. Preclinical half-life was 23 days, potentially supporting an 8- to 12-week dosing regimen in humans. In the fourth quarter of 2024, we initiated dosing of healthy volunteers in the first-in-human study of XmAb942, and we expect initial single-ascending dose data from a Phase 1 study in healthy volunteers during the first half of 2025. We continue to expect data from the multiple-ascending dose portion of study and the initiation of a Phase 2 study in patients with ulcerative colitis in the second half of 2025.

Plamotamab (CD20 x CD3): Plamotamab is a B-cell depleting bispecific T-cell engager that targets CD20, a target receptor on B cells, and CD3. Results from the expansion portion of a Phase 1 study indicate that intravenous plamotamab monotherapy was well tolerated and demonstrated encouraging clinical activity in heavily pretreated patients with an advanced form of lymphoma at the recommended Phase 2 intravenous dose. In 2023, we completed patient enrollment in subcutaneous dose escalation cohorts of the Phase 1 study. We had been co-developing plamotamab with Johnson & Johnson (J&J), and in June 2024, we regained exclusive worldwide rights to develop and commercialize the candidate.

We plan to initiate a Phase 1b/2a proof-of-concept study for plamotamab in RA in the first half of 2025. The Phase 1b portion of the study will select a priming and step-up dose regimen based on the regimen established in oncology, and will assess the initial safety, efficacy, and biomarkers of plamotamab in patients with RA. The selected dose regimen will then be evaluated in the randomized Phase 2a portion, with efficacy determined at week 12. Results from the Phase 1 study in hematologic cancers showed favorable tolerability and comparable preliminary efficacy data, when cross compared to results from studies of a competitor molecule within the class, with similar patient baseline characteristics. Data demonstrating deep peripheral B-cell depletion observed in patients with lymphoma were presented at a medical meeting in December 2024. Based on these clinical outcomes, significant B-cell depletion, and the emergent biology supportive of B-cell targeted T cell engagers for the treatment of patients with autoimmune diseases, we plan to evaluate plamotamab in RA, in which patients progressed through prior standard of care treatment.

Additional Clinical-Stage XmAb Drug Candidate

XmAb7195 (anti-IgE): XmAb7195 uses our XmAb Immune Inhibitor Fc Domain and is designed to reduce blood levels of IgE, which mediates allergic responses and allergic disease. In February 2020, we licensed this drug candidate to Aimmune Therapeutics, Inc., now a wholly owned subsidiary of Nestlé S.A. We reacquired exclusive worldwide rights to XmAb7195 in 2024 and are evaluating development opportunities.

Collaborations, Partnerships and Licensing Arrangements

A key part of our business strategy is to leverage our protein engineering capabilities, XmAb technologies, and XmAb drug candidates with partnerships, collaborations, and licenses. Through these arrangements we generate revenues in the form of upfront payments, milestone payments, and royalties. For partnerships for our drug candidates, we aim to retain a major economic interest in these candidates through transactions that allow us to retain major geographic commercial rights, provide for profit-sharing on future sales of approved products, include co-development options, and also the right to conduct independent clinical studies with drug candidates developed in the collaboration.

Types of Arrangements

Product licenses are arrangements in which we license to third parties partial or full rights to develop and commercialize our internally developed drug candidates. We seek partners that can provide infrastructure and resources to successfully develop our drug candidates, have a track record of successfully developing and commercializing medicines, or have a portfolio of development-stage candidates and commercialized medicines which could potentially be developed in rational combinations with our drug candidates. Examples include Genentech, Incyte Corporation, Zenas BioPharma, Inc., and INmune Bio, Inc.

Novel bispecific antibody collaborations are arrangements in which our partner seeks to create an XmAb bispecific antibody using one or more of our bispecific technologies. Our partners provide an antibody or an antigen against tumors, and we conduct limited research and development activities to create potential bispecific antibody candidates for further development and commercialization by our partners. Examples include J&J, Astellas Pharma Inc. (Astellas), and Amgen Inc. (Amgen).

Technology licensing agreements are arrangements in which we license access to one or more of our XmAb Fc technologies on a restricted basis, typically to our XmAb Cytotoxic Fc Domain and/or our Xtend Fc Domain. Our partners are responsible for all research, development and commercialization activities of the drug candidates. The plug-and-play nature of XmAb Fc domains allows us to license access to our platforms with no internal research and development activities required of us. Examples include Alexion Pharmaceuticals, Inc., Vir Biotechnology, Inc. (Vir), Gilead Sciences, Inc., Omeros Corporation, and Novartis Institutes for BioMedical Research, Inc.

Strategic collaborations are arrangements where we believe we can create synergies between our partners' capabilities and assets and our own protein engineering capabilities, Fc technologies and XmAb drug candidates. Through these arrangements we seek to create new drug candidates, investigate novel combination therapies and potentially identify additional indications for our portfolio of XmAb drug candidates. An example is Caris Life Sciences.

Clinical-Stage Drug Candidates Advanced by Partners

Xaluritamig is a STEAP1 x CD3 2+1 bispecific T-cell engager that our partner Amgen is advancing for the treatment of patients with prostate cancer. The XmAb 2+1 multivalent format enables higher binding capability for STEAP1 expressing cells. Results from a Phase 1 study evaluating xaluritamig in patients with mCRPC were presented at the European Society for Medical Oncology (ESMO) Congress in September 2024. With a median follow-up time of 27.9 months, the median overall survival (OS) was 17.7 months across all cohorts. A PSA90 rate of 45.1% was also observed in high-dose cohorts, and PSA90 response was associated with survival ($p = 0.0044$), which Amgen believes could potentially serve as an early indicator for benefit in these patients. Amgen initiated a Phase 3 study of xaluritamig in patients with mCRPC who have previously been treated with taxane-based chemotherapy. Multiple Phase 1 or Phase 1b studies evaluating xaluritamig as a monotherapy or in combination are enrolling patients with earlier prostate cancer.

Obexelimab targets CD19 with its variable domain and uses our XmAb Immune Inhibitor Fc Domain, which is designed to inhibit the function of B cells, an important component of the immune system. In November 2021, we licensed this drug candidate to Zenas BioPharma, Inc., which is conducting a Phase 3 study in patients with immunoglobulin G4-related disease (IgG4-RD), a Phase 2 study in patients with relapsing multiple sclerosis and a Phase 2 study in patients with systemic lupus erythematosus.

Teropavimab and zinlirvimab are broadly neutralizing antibodies that incorporate our XmAb Fc technologies. Gilead Sciences, Inc. is advancing teropavimab and zinlirvimab in combination with lenacapavir as a long-acting treatment for virologically suppressed people living with human immunodeficiency virus (HIV) in a Phase 2 study.

Tobevibart is a neutralizing antibody that uses our XmAb Xtend Fc Domain and our XmAb Cytotoxic Fc Domain. Vir is advancing tobevibart as a potential treatment for patients with hepatitis Delta virus infection. Vir is conducting a Phase 2 combination study and is advancing the combination into a Phase 3 registrational clinical program.

Novartis is conducting a Phase 2 study evaluating an undisclosed antibody drug candidate that uses one of our XmAb Fc technologies.

Xpro1595 is a proprietary tumor necrosis factor (TNF) inhibitor candidate which we licensed to INmune Bio, Inc., in October 2017. INmune is currently advancing Xpro1595 through clinical development for patients with Alzheimer's disease and treatment-resistant depression.

Zaltenibart (OMS906) is an antibody targeting mannan-binding lectin-associated serine protease-3 (MASP-3) that uses our XmAb Xtend Fc Domain. Omeros Corporation is conducting multiple Phase 2 studies evaluating zaltenibart for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH) and other alternative pathway disorders.

ASP2138 is a Claudin-18.2 x CD3 2+1 bispecific antibody that our partner Astellas is advancing for the treatment of patients with gastric, gastroesophageal junction and pancreatic cancers. The XmAb 2+1 multivalent format enables higher binding capability for Claudin-18.2 expressing cells. Astellas is conducting a Phase 1 study evaluating ASP2138.

JNJ-9401 is a PSMA x CD28 bispecific antibody that J&J is advancing for the treatment of patients with prostate cancer. J&J is conducting a Phase 1 study of JNJ-9401, which was developed with J&J under our 2020 collaboration.

JNJ-1493 is a CD20 x CD28 bispecific antibody that J&J is advancing for the treatment of patients with B-cell malignancies. J&J is conducting a Phase 1 study of JNJ-1493, which was developed with J&J under our 2021 collaboration.

Efbalropendekin alfa (XmAb306/RG6323) is a reduced-potency IL15/IL15Rα-Fc fusion protein that incorporates our Xtend extended half-life technology, and we previously co-developed this program in collaboration with Genentech, a member of the Roche Group. In the fourth quarter of 2023, we agreed with Genentech to convert our development cost and profit-sharing arrangement into a royalty and milestone payment-based arrangement. Pursuant to the terms of the amended agreement with Genentech, effective June 1, 2024, Genentech assumed sole responsibility over all clinical, regulatory and commercial activities. Genentech is not currently enrolling new patients into clinical studies to evaluate efbalropendekin alfa.

Our partners are conducting preclinical studies of additional drug candidates engineered with our XmAb Fc Domains.

Approved or Authorized Medicines Engineered with XmAb Fc Domains

Currently three medicines that have been developed with our XmAb Fc domains are now marketed or made available by our partners.

- ***Ultomiris® (ravulizumab-cwvz)***: Alexion's Ultomiris is approved in the U.S., Europe, and Japan for the treatment of certain patients with PNH, certain patients with atypical hemolytic uremic syndrome (aHUS), certain patients with generalized myasthenia gravis (gMG) and certain patients with neuromyelitis optica spectrum disorder (NMOSD). Alexion is also evaluating Ultomiris in a broad late-stage development program across additional hematology, nephrology and neurology indications. Alexion used our Xtend™ Fc Domain to enhance the half-life of Ultomiris to allow for a longer duration of action, less frequent dosing and reduced patient burden of therapy compared to the previous generation therapy, Soliris®. Ultomiris and Soliris are registered trademarks of Alexion Pharmaceuticals, Inc.

- ***Monjuvi® (tafasitamab-cxix)***: In 2020, the United States Food and Drug Administration (FDA) approved Monjuvi under accelerated approval. Monjuvi is a humanized Fc-modified CD19 targeting immunotherapy indicated in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) not otherwise specified, including DLBCL arising from low grade lymphoma, and who are not eligible for autologous stem cell transplant (ASCT). This indication is approved under accelerated approval based on overall response rate. Continued approval for this indication may be contingent upon verification and description of clinical benefit in a confirmatory trial(s). In August 2021, the European Commission granted conditional marketing authorization for Minjuvi® (tafasitamab) in combination with lenalidomide, followed by tafasitamab monotherapy, for the treatment of adult patients with relapsed or refractory DLBCL who are not eligible for ASCT. In addition to its approved indication, tafasitamab is being evaluated as a therapeutic option in an ongoing Phase 3 pivotal trial for first-line DLBCL. In December 2024, Incyte announced positive full results from the pivotal study of tafasitamab in combination with lenalidomide and rituximab in relapsed or refractory follicular lymphoma and submitted a supplemental Biologics License Application. Tafasitamab was created and initially developed by us. Tafasitamab is marketed by Incyte under the brand name Monjuvi in the U.S. and under the brand name Minjuvi in Europe and Canada. Monjuvi® and Minjuvi® are registered trademarks of Incyte.

- ***Sotrovimab:*** Vir and its partner GSK plc have made available sotrovimab, an antibody that targets the SARS-CoV-2 virus, which in May 2021 received an emergency use authorization (EUA) from the FDA for the early

treatment of mild-to-moderate COVID-19 in adults and pediatric patients (12 years of age and older weighing at least 40 kg) with positive results of direct SARS-CoV-2 viral testing, and at high risk for progression to severe COVID-19, including hospitalization or death. In March 2022, the FDA deauthorized sotrovimab's use in all U.S. regions due to increases in the proportion of COVID-19 cases caused by the Omicron BA.2 subvariant. Sotrovimab has obtained emergency authorization, temporary authorization or marketing approval (under the brand name Xevudy®) for early treatment of COVID-19 in more than 30 countries. Sotrovimab incorporates our Xtend Fc domain for longer duration of action. Xevudy is a registered trademark of GSK.

Our Research and Development Pipeline

We have used our XmAb Fc platforms and protein engineering capabilities to produce a growing pipeline of drug candidates in clinical and preclinical development. These include multiple drug candidates using our bispecific Fc domain. We continue to advance these candidates as additional options for clinical development by us or as out-licensing opportunities. We also from time to time in-license antibody technologies and compounds from other companies which we believe may allow us to create potential product candidates by incorporating our own proprietary technologies. These licenses may require us to pay upfront fees, development, and commercial milestone payments, and if commercial products are approved, royalties on net sales.

Human Capital Management

Our Employees and Commitment to Diversity, Equity, and Inclusion

Our ability to develop XmAb technologies, advance our programs into late-stage development, position our programs for commercialization and identify successful business partnerships is dependent on attracting, retaining, and developing our employees. We seek and support a diverse population of employees without regard to race, gender or sexual orientation. As of December 31, 2024, we had 250 full-time employees, of which 203 were engaged in research and development activities, and 47 were engaged in business development, information systems, facilities, human resources, or administrative support. Of these employees, 62 hold Ph.D. degrees, and 7 hold M.D. degrees. None of our employees are represented by any collective bargaining unit. We believe we maintain good relations with our employees.

We are an equal opportunity employer and maintain policies that prohibit unlawful discrimination based on race, color, religion, gender, sexual orientation, gender identity/expression, national origin/ancestry, age, disability, marital and veteran status. We are proud to employ a diverse workforce that, as of December 31, 2024, was 58% non-white and 59% women. In addition, as of December 31, 2024, women made up 30% of our senior leadership team. We strive to build and nurture a culture where all employees feel empowered to be their authentic selves.

In January 2024, in connection with re-prioritization of our development programs, we completed a reduction in force (RIF) affecting approximately 10% of the total employee headcount. The RIF was applied across all functional areas.

Compensation, Benefits, and Development

We provide compensation packages designed to attract, retain, and motivate high-quality employees. All of our employees are eligible for cash bonuses and grants of equity awards. We regularly evaluate our compensation programs with an independent compensation consultant and utilize industry benchmarking in an effort to ensure they are competitive compared to similar biotechnology and biopharmaceutical companies with which we compete for talent and that they are fair and equitable across our workforce with respect to gender, race, and other personal characteristics. All employees are eligible to participate in our Employee Stock Purchase Plan through which they can purchase shares of our common stock at a discounted price. This plan and our other equity compensation plans assist us in building long-term relationships with our employees and aligns the interests of employees with stockholders. We also provide retirement benefits along with a health and well-being program that is designed to keep our employees and their families healthy and includes paid time off and medical, dental and vision benefits, along with dependent care, mental health, and other wellness benefits.

We value career development for all employees, and offer tuition reimbursement as well as provide opportunities for employees to attend professional development courses ranging from technical training, competency-based workshops, and leadership development programs. Direct managers also take an active role in supporting their employees in realizing their full potential and creating opportunities for promotions and added responsibilities that enhance the engagement and retention of our workforce. We regularly conduct employee surveys to assess employee engagement and identify areas for focus.

Market Opportunity

Our wholly owned drug candidates that we are actively advancing in clinical development in oncology indications, including XmAb819, XmAb541 and XmAb808: We are developing these T-cell engaging bispecific antibody drug candidates to treat cancer. Cancer is a broad group of diseases in which cells divide and grow in an uncontrolled fashion, forming malignancies that can invade other parts of the body, and it is the second leading cause of death in the U.S. The American Cancer Society estimates that in 2025 there will be approximately 2.0 million new cases of cancer and approximately 618,120 deaths from cancer. The National Institutes of Health (NIH) has estimated that based on growth and aging of the U.S. population, medical expenditures for cancer in the year 2030 are projected to reach at least $245.6 billion.

XmAb942, our wholly owned anti-TL1A antibody drug candidate that we are actively advancing in clinical development to treat IBD: IBD is a chronic condition affecting an estimated 2.4 to 3.1 million adults in the United States, according to the U.S. Centers for Disease Control and Prevention, with increasing prevalence. The Crohn's and Colitis Foundation estimates that 70,000 new cases are diagnosed annually. IBD includes ulcerative colitis, which inflames the colon's lining, and Crohn's disease, which can affect any part of the gastrointestinal tract. Symptoms include abdominal pain, diarrhea, bloody stool, weight loss, bowel urgency, bloating, nausea, joint pain, fatigue, fever, reduced appetite and mental health impact. Both conditions significantly impact patients' quality of life, with lower life expectancy, surgeries and hospitalizations, and increased risk for both intestinal resection and colorectal cancer.

Despite available therapies, only 10% to 20% of patients achieve durable remission, highlighting a major unmet need. Many experience inadequate response, loss of efficacy, or side effects. Treatment adherence is also challenging due to frequent dosing and administration burdens. GlobalData has estimated that the market size for the treatment of Crohn's disease and ulcerative colitis, the two most common forms of IBD, will reach $40 billion worldwide by the year 2032.

Intellectual Property

The foundation for our XmAb technology and our product candidates and partnering is the generation and protection of intellectual property for novel antibody therapeutics. We combine proprietary computational methods for amino acid sequence design with laboratory generation and testing of new antibody compositions. Our design and engineering team prospectively assesses, with patent counsel, the competitive landscape with the goal of building broad patent positions and avoiding third-party intellectual property.

As a pioneer in Fc domain engineering, we systematically scanned the structure of the Fc domain to discover Fc variants. We have filed patent applications relating to thousands of specific Fc domain variants with experimental data on specific improvements of immune function, pharmacokinetics, structural stability, and novel structural constructs. We have filed additional patent applications derived from these applications as we discover new properties of the Fc variants and as new business opportunities arise. We continually seek to expand the intellectual property coverage of our technology and candidates and invest in discovering new Fc domain technologies and antibody product candidates.

Our patent estate, on a worldwide basis, includes issued patents and pending patent applications, with claims directed to XmAb Fc domains, all of our clinical and preclinical stage product candidates and our computational protein design methods and platforms.

The patent expiration in the U.S. and major foreign countries (ex-U.S.) for our key technologies and drug candidates is set forth below. We have pending applications filed that may extend the exclusivity of some of our technology and products:

Technology	Patent Expiry
Cytotoxic	2025 U.S.
Immune Inhibitor	2028 U.S.; 2025 Ex-U.S.
Xtend	2025 U.S.; 2028 Ex-U.S.
Bispecific	2034 U.S. and Ex-U.S.
CD3 T-Cell Engagers	2035 U.S. and Ex-U.S.
CD28 T-Cell Engagers	2041 U.S. and Ex-U.S.

Company Products	Patent Expiry
XmAb808	2041 U.S, and Ex-U.S.
Vudalimab	2037 U.S. and Ex-U.S.
Plamotamab	2035 U.S. and Ex-U.S.
XmAb819	2040 U.S. and Ex-U.S.
XmAb541	2042 U.S. and Ex-U.S.
XmAb942	2045 U.S. and Ex-U.S.
XmAb7195	2029 U.S. and Ex-U.S.

Partnered Products	Patent Expiry
Monjuvi	2033 U.S.; 2027 Ex-U.S.
Ultomiris	2025 U.S.; 2028 Ex-U.S.
Sotrovimab	2025 U.S.; 2028 Ex-U.S.
Obexelimab	2029 U.S.; 2028 Ex-U.S.
Xaluritamig	2039 U.S. and Ex-U.S.

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

The Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Affordability Reconciliation Act (collectively the ACA) created a regulatory scheme authorizing the FDA to approve biosimilars via an abbreviated licensure pathway. In many cases, this allows biosimilars to be brought to market without conducting the full suite of clinical trials typically required of originators. Under the ACA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biological product or "reference product." The "biosimilar" application must include specific information demonstrating biosimilarity based on data derived from: (1) analytical studies, (2) animal studies, and (3) a clinical study or studies that are sufficient to demonstrate safety, purity, and potency in one or more appropriate conditions of use for which the reference product is licensed, except that FDA may waive some of these requirements for a given application. Under this new statutory scheme, an application for a biosimilar product may not be submitted to the FDA until four years after the date of first licensure. The FDA may not approve a biosimilar product until 12 years from the date on which the reference product was first licensed. The law does not change the duration of patents granted on biological products. Even if a product is considered to be a reference product eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full Biologics License Application (BLA) for such product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity, and potency of their product. There have been recent proposals to repeal or modify the ACA, and it is uncertain how any of those proposals, if approved, would affect these provisions.

In addition to patent protection, we rely on trade secret protection and know-how to expand our proprietary position around our technology and other discoveries and inventions that we consider important to our business. We seek to protect this intellectual property in part by entering into confidentiality agreements with our employees, consultants, scientific advisors, clinical investigators, and other contractors and also by requiring our employees, commercial contractors, and certain consultants and investigators, to enter into invention assignment agreements that grant us ownership of certain discoveries or inventions made by them.

Further, we seek trademark protection in the United States and in certain other jurisdictions where available and when we deem appropriate. We have obtained registrations for the Xencor trademark, as well as certain other trademarks, which we use in connection with our pharmaceutical research and development services and our clinical-stage products, including XmAb. We currently have registrations for Xencor and XmAb in the United States, Australia, Canada, the

European Union, the United Kingdom, and Japan, and for Proteins by Design in the United States, Australia, Canada, and the European Union and the United Kingdom.

Third-Party Vendors and Suppliers

Our internal research activities are focused on early research stage and preclinical activities and studies. We rely on third-party vendors, suppliers and contractors for all other research, development and clinical activities. We are able to internally manufacture the quantities of our product candidates required for relatively short preclinical animal studies. We believe that this allows us to accelerate the drug development process by not relying on third parties for all of our manufacturing needs. We have adopted a manufacturing strategy of contracting with third parties in accordance with current good manufacturing practices (cGMPs) for the manufacture of drug substance and product, including our pipeline of antibody development candidates. We have used third-party manufacturers for all our antibody candidates which include XmAb819, XmAb541, XmAb808, plamotamab, XmAb942 and XmAb657. Additional contract manufacturers are used to fill, label, package and distribute investigational drug products. This allows us to maintain a more flexible infrastructure while focusing our expertise on developing our products. We do not have any long-term manufacturing agreements in place and will ultimately depend on contract manufacturers for the manufacture of our products for commercial sale, as well as for process development.

KBI Biopharma, Inc.

In July 2014, we entered into a master services agreement (KBI Agreement) with KBI Biopharma, Inc. (KBI). We have engaged KBI under the KBI Agreement for process development, clinical scale-up, analytical method development, formulation development, and other services related to drug substance and drug product for our antibody development candidates, XmAb541 and plamotamab, in accordance with cGMP regulations. For each bispecific program, we have entered into a separate agreement with the terms and conditions of services and payment. The KBI Agreement is for a three-year term but is automatically extended on an annual basis until the services are completed. The KBI Agreement may be terminated by either party for a breach that is not remedied within 30 days after notice or 60 days after notice of the existence of an incurable scientific or technical issue that renders KBI unable to render services under the KBI Agreement, by after 60-day notice, or in the event of a bankruptcy of a party. For termination other than a material breach by KBI, we must pay for all services conducted prior to the termination and to wind down the activities.

Cell Line Agreements with Selexis

In December 2015, we entered into a master service agreement (Selexis Agreement) with Selexis SA (Selexis) for the manufacture of Selexis cell lines. Under the terms of the Selexis Agreement, Selexis will manufacture cell lines for the antibody candidates provided by us and upon completion of the cell lines, we have the option to take an unrestricted commercial license to the cell line. The terms of each commercial license require us to make payments upon achievement of certain development and regulatory milestones and we will also pay royalties based on a percentage of net sales for products that are derived from or utilize the Selexis cell line. The royalty is less than 1%.

Selexis has manufactured cell lines for certain of our bispecific antibody drug candidates, and we currently have rights to obtain commercial licenses to the Selexis cell line for antibody candidates including XmAb819 and plamotamab.

License Agreement with BIO-TECHNE

In April 2021, we entered into an agreement with BIO-TECHNE for a non-exclusive license to a certain recombinant monoclonal antibody reactive with human CLDN6. We are using this protein in our XmAb541 drug candidate. Under the terms of this agreement, we made an upfront payment and are obligated to make payments upon the achievement of certain development, regulatory and sales milestones, and royalties based on a percentage of net sales from products that are derived from the CLDN6 antibody. The royalty is less than 1%.

Umbrella Development Services Agreement with Patheon Biologics LLC

In September 2018, we entered into an Umbrella Development Services Agreement (Patheon Agreement) with Patheon Biologics LLC (Patheon). Under the terms of the Patheon Agreement, any of the affiliates within the global network of service sites in Thermo Fisher Scientific Inc.'s Pharma Services Group may perform clinical manufacturing and development services for us in accordance with cGMP regulations. The Patheon Agreement may be terminated by either party for a breach or default that is not remedied within 30 days, or such other time period as may be reasonably necessary

to remedy such breach after receiving notice of the breach from the non-breaching party or if the other party is subject to an insolvency event. We have the unilateral right to terminate the Patheon Agreement upon 30 days written notice to Patheon for any business reason, subject to cancellation fees. Patheon has the unilateral right to terminate the Patheon Agreement if we request to reschedule work beyond 120 days, if project work is not progressing according to our expectations and we cannot agree on appropriate changes, if after six months of inactivity on a project at our request or if Patheon determines it is unable to perform its obligations in a safe and effective way in compliance with applicable regulatory requirements.

Patheon manufactures drug substance material for our XmAb819 program and drug product for our plamotamab program.

Master Services Agreement with WuXi Biologics (Hong Kong) Limited

In February 2021, we entered into a Master Services Agreement (WuXi Agreement) with WuXi Biologics (Hong Kong) Limited (WuXi). Under the terms of the WuXi Agreement, WuXi and its affiliates will perform manufacturing, analytical, development and other services for Xencor in accordance with applicable regulations. The WuXi Agreement includes customary rights to replacement of non-conforming products. The WuXi Agreement may be terminated by either party for a breach by the other party that is not remedied within 45 days (or 10 days for a non-payment breach), or if the other party is subject to an insolvency event. We have the unilateral right to terminate the WuXi Agreement upon 90 days' prior written notice to WuXi for any reason, subject to applicable cancellation fees. WuXi has the unilateral right to terminate the WuXi Agreement only if the services cannot be performed due to technical difficulties or the performance of the services is not permitted under applicable law.

WuXi manufactures drug substance and drug product for our XmAb808, XmAb657 and XmAb942 programs.

Master Clinical Services Agreement with ICON Clinical Research Limited

In April 2016, we entered into a Master Clinical Services Agreement (ICON Agreement) with ICON Clinical Research Limited (ICON) which was amended in April 2021. Under the terms of the ICON Agreement, ICON and its affiliates will perform clinical trial services (including site selection, study design, site monitoring, management and training, and patient selection) for Xencor in accordance with applicable regulations. The ICON Agreement may be terminated by either party for a breach by the other party that is not remedied within 30 days, or if the other party is subject to an insolvency event. Each party may terminate the ICON Agreement upon 30 days' prior written notice to the other party for any reason; however, such termination would not affect any ongoing project under the ICON Agreement. We may unilaterally terminate any project under the ICON Agreement upon 30 days' prior written notice to ICON for any reason, subject to applicable close-out costs.

ICON provides services to us in connection with ongoing Xencor-sponsored clinical trials in oncology indications.

Master Services Agreement with PPD Development, L.P.

In June 2015, we entered into a Master Services Agreement (PPD Agreement) with PPD Development, L.P.(PPD). Under the terms of the PPD Agreement, PPD will perform clinical trial management and clinical development services (including site selection, study design, site monitoring, management and training, and patient selection) for Xencor in accordance with applicable regulations. The PPD Agreement may be terminated by either party for a breach upon 30 days' written notice, if such breach is not cured within 30 days. We may terminate the PPD Agreement upon 30 days' written notice to PPD for any reason; however, we will be obligated for any costs incurred through the cancellation date and any non-refundable and non-cancellable commitments incurred by PPD.

PPD conducts clinical studies for our vudalimab program.

Master Services Agreement with Vetter Pharma International GmbH

In October 2020, we entered into a master services agreement (Vetter Agreement) with Vetter Pharma International GmbH (Vetter). We have engaged Vetter under the Vetter Agreement for clinical scale-up, analytical method development, formulation development, and other services related to manufacturing drug product for our bispecific antibody candidates, vudalimab and XmAb541, in accordance with cGMP regulations. For each bispecific program, we have entered into a separate agreement with the terms and conditions of services and payment. The Vetter Agreement is for an eight-year term but is automatically extended on an annual basis until the services are completed. The Vetter Agreement

may be terminated by either party for a breach that is not remedied within 60 days after notice or 60 days after notice of the existence of an incurable scientific or technical issue that renders Vetter unable to render services under the Vetter Agreement. For termination other than a material breach by Vetter, we must pay for all services conducted prior to the termination and to wind down the activities.

Vetter manufactures drug product for our XmAb541 program.

Master Services Agreement with Kapadi (formerly OncoBay Clinical, Inc.)

In August 2023, we entered into a Master Services Agreement (Kapadi Agreement) with OncoBay Clinical, Inc., now Kapadi. Under the terms of the Kapadi Agreement, Kapadi will perform Contract Research Organization (CRO) services including clinical trial management and clinical development services (including site selection, study design, site monitoring, management and training, and patient selection) for Xencor in accordance with applicable regulations. The Kapadi Agreement may be terminated by either party for a breach upon 30 days' written notice, if such breach is not cured within thirty (30) days. We may terminate the Kapadi Agreement upon 60 days' written notice to Kapadi for any reason; however, we will be obligated for any costs incurred through the cancellation date and any non-refundable and non-cancellable commitments incurred by Kapadi.

Kapadi conducts clinical studies for our XmAb541 program.

Competition

We compete in an industry that is characterized by rapidly advancing technologies, intense competition, and a strong emphasis on proprietary products. Our competitors include pharmaceutical companies, biotechnology companies, academic institutions, and other research organizations. We compete with these parties for promising targets for antibody-based therapeutics, new technology for optimizing antibodies, and in recruiting highly qualified personnel. Many competitors and potential competitors have substantially greater scientific, research, and product development capabilities as well as greater financial, marketing and sales, and human resources than we do. In addition, many specialized biotechnology firms have formed collaborations with large, established companies to support the research, development, and commercialization of products that may be competitive with ours. Accordingly, our competitors may be more successful than we may be in developing, commercializing, and achieving widespread market acceptance. In addition, our competitors' products may be more effective, more effectively developed, or more effectively marketed and sold than any treatment we or our development partners may commercialize, which may render our product candidates obsolete or noncompetitive before we can recover the expenses related to developing and commercializing any of our product candidates.

Competition in the field of cancer and autoimmune drug development is intense, with hundreds of compounds in clinical trials. Many large pharmaceutical companies and other smaller biotechnology companies are developing competing bispecific antibody platforms, and many of these companies have advanced multiple drug candidates into clinical development, including Amgen; Genmab A/S; Macrogenics, Inc.; Merus N.V.; Regeneron Pharmaceuticals, Inc.; and Roche Holding AG.

We are developing bispecific antibody drug candidates engineered to direct cytotoxic T-cell killing of solid tumor cells, by engaging the CD3 or CD28 receptor on T cells and an antigen on tumor cells. Other companies conducting clinical trials to evaluate CD3 or CD28 bispecific antibodies directed to antigens expressed on solid tumors include Amgen; Astellas; BioAtla, Inc.; Context Therapeutics Inc.; CytomX Therapeutics, Inc.; Genmab A/S; Immunocore Holdings plc; Janux Therapeutics, Inc.; Johnson & Johnson; Regeneron Pharmaceuticals, Inc.; Roche Holding AG; Takeda Pharmaceutical Co. Ltd.; and Vir. Other antibodies, antibody drug conjugates and cell therapies are in development or approved to treat patients with cancer.

We are also developing bispecific antibody drug candidates engineered to direct cytotoxic T-cell killing of B cells, by engaging the CD3 receptor on T cells and either the CD20 or CD19 receptor on B cells. Other companies currently conducting clinical trials to evaluate CD3 bispecific antibodies directed to CD20 or CD19 for the treatment of autoimmune disease include Amgen; Cullinan Therapeutics, Inc.; and Roche Holding AG. Other antibodies and cell therapies are in development or approved to treat patients with autoimmune diseases.

We are developing antibody drug candidates that target the cytokine TL1A for the potential treatment of IBD. Other companies currently conducting clinical trials to evaluate anti-TL1A antibodies include: Merck & Co., Inc; Roche Holding AG; Spyre Therapeutics, Inc.; and Teva Pharmaceutical Industries Limited.

In addition, we are aware of a number of other companies with development-stage programs that may compete with the drug candidates we and our licensees are developing in the future. We anticipate that we will face intense and increasing competition as new treatments enter the market and advanced technologies become available.

Regulatory Overview

Our business and operations are subject to a variety of U.S. federal, state and local and foreign supranational, national, provincial, and municipal laws, regulations and trade practices. The FDA and comparable regulatory authorities in state and local jurisdictions and in other countries impose substantial and burdensome requirements upon companies involved in the clinical development, manufacture, marketing, and distribution of drugs and biologics. These agencies and other federal, state and local entities regulate research and development activities and the testing, manufacture, quality control, safety, effectiveness, labeling, storage, recordkeeping, approval, advertising and promotion, and export and import of our product candidates.

U.S. Government Regulation

We are subject to extensive regulation by the U.S. and other countries. Regulation by government authorities is a significant factor in development, manufacture, distribution and ongoing research activities. All our products in development will require regulatory approval by government agencies prior to commercialization. In particular, drugs and biologic products are subject to rigorous preclinical studies and clinical trials and other approval procedures of the FDA and similar regulatory authorities in foreign countries. Generally, our activities in other countries will be subject to regulation that is similar in nature and scope as that imposed in the U.S., although there can be important differences. We, along with our contract manufacturers (CMOs), contract research organizations (CROs), and third-party vendors, will be required to satisfy these requirements in each of the countries in which we wish to conduct studies or seek approval of our product candidates. The process of obtaining these approvals and the subsequent compliance with appropriate federal and state statutes and regulations require the expenditure of substantial time and financial resources. Various federal and state statutes and regulation also govern or influence testing, manufacturing, safety, labeling, storage, tracking, tracing and record-keeping of drugs and biologic products and their marketing.

U.S. Drug Development Process

In the United States, the FDA regulates drugs and biologic products under the Federal Food, Drug and Cosmetic Act (FDCA), its implementing regulations, and other laws including, in the case of biologics, the Public Health Service Act. These products are also subject to other federal, state and local statutes and regulations. Our product candidates are subject to regulation by the FDA as a biologic. Biologics require the submission of a Biologics License Application (BLA) to the FDA and approval of the BLA by the FDA before marketing in the United States. The process of obtaining regulatory approvals for commercial sale and distribution and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative, judicial, civil or criminal sanctions. These sanctions could include the FDA's refusal to allow us to proceed with clinical testing, approve pending applications, license suspension or revocation, withdrawal of an approval, imposition of a clinical hold on clinical trials, issuance of untitled or warning letters, product recalls or withdrawals from the market, product seizures, total or partial suspension of production, or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil and/or criminal penalties or prosecution. The process required by the FDA before a biologic may be marketed in the United States generally involves the following:

1. completion of preclinical laboratory tests, animal studies, and formulation studies performed in accordance with applicable regulations, including the FDA's current Good Laboratory Practices (GLP) regulations;
2. submission to and acceptance by the FDA of an IND which must become effective before human clinical trials in the United States may begin and must be updated annually;
3. approval by an independent institutional review board (IRB) or ethics committee representing each clinical site before each clinical trial may be initiated;

4. performance of adequate and well-controlled human clinical trials in accordance with the FDA's current Good Clinical Practices (GCP) regulations to establish the safety and efficacy of the product candidate for its proposed indication;
5. submission to and acceptance by the FDA of a BLA;
6. manufacture of the drug substance and drug product in accordance with the FDA's current Good Manufacturing Practice (cGMP) requirements, along with required analytical and stability testing;
7. preparation of and submission to the FDA of a BLA requesting marketing approval for one or more proposed indications, that includes sufficient evidence to establish the safety, purity, and potency of the proposed biologic product for its intended indication, including from results of nonclinical testing and clinical trials and detailed information on the chemistry, manufacturing and quality controls for the product candidate and proposed labeling;
8. a determination by the FDA within 60 days of its receipt of a BLA to file the application for review;
9. satisfactory completion of one or more pre-approval or pre-license inspections by FDA (if the FDA deems it as a requirement) of the manufacturing facility or facilities where the product is produced to assess compliance with the FDA's cGMP regulations to assure that the facilities, methods, and controls are adequate to preserve the product's identity, strength, quality, and purity;
10. potential audits by the FDA of the nonclinical and clinical trial sites that generated the data in support of the BLA to assure compliance with GLPs and GCPs, as applicable, and the integrity of the data in support of the BLA;
11. potential review of the BLA by an external Advisory Committee to the FDA, whose recommendations are not binding on the FDA;
12. payment of user fees under the Prescription Drug User Fee Act (PDUFA), unless exempted;
13. FDA review and approval of the BLA prior to any commercial marketing or sale; and
14. compliance with any post-approval requirements, including risk evaluation and mitigation strategies (REMS) and post-approval studies required by the FDA.

Before testing any compounds with potential therapeutic value in humans, the product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, stability, and formulation, as well as animal studies to assess the potential toxicity and activity of the product candidate. The conduct of preclinical studies is subject to federal and state regulation and requirements, including GLP requirements for safety/toxicology studies. The results of the preclinical studies, together with manufacturing information and analytical data, must be submitted to the FDA as part of an IND. An IND is a request for authorization from the FDA to administer an investigational biological product to humans in clinical trials in the U.S. The central focus of an IND submission is on the general investigational plan, the protocol(s) for human trials and the safety of trial participants. The IND also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to the proposed clinical trials. In such a case, the IND may be placed on clinical hold, and the IND sponsor and the FDA must resolve any outstanding concerns or questions before clinical trials can begin. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence.

At any time during the initial 30-day IND review period or while clinical trials are ongoing under the IND, the FDA may impose a partial or complete clinical hold. Clinical holds may be imposed by the FDA when there is concern for patient safety and may be a result of new data, findings, or developments in clinical, nonclinical, and/or chemistry, manufacturing and controls or where there is non-compliance with regulatory requirements. A clinical hold would delay either a proposed clinical trial or cause suspension of an ongoing trial, until all outstanding concerns have been adequately addressed and the FDA has notified the company that investigations may proceed. A separate submission to an existing IND must also be made for each successive clinical trial to be conducted, and the FDA must grant permission, either explicitly or implicitly by not objecting, before each clinical trial can begin. Accordingly, we cannot be sure that

submission of an IND will result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that could cause the trial to be suspended or terminated.

Clinical trials involve the administration of the product candidate to human patients under the supervision of qualified investigators, generally physicians not employed by or under the clinical trial sponsor's control, in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety and effectiveness. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND before a trial commences. Additionally, approval must also be obtained from each clinical trial site's Institutional Review Board (IRB), before the trials may be initiated and the IRB must monitor the trial until completed. The IRB is charged with protecting the welfare and rights of trial participants and will consider, among other things, clinical trial design, patient informed consent, ethical factors, the safety of human subjects and the possible liability of the institution. The FDA or responsible IRB may place a trial on hold at any time related to perceived risks to patient safety. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data and safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the trial. We may also suspend or terminate a clinical trial based on evolving business objectives or competitive climate.

A sponsor may choose, but is not required, to conduct a foreign clinical trial under an IND. When a foreign clinical trial is conducted under an IND, all FDA IND requirements must be met unless waived. When the foreign clinical trial is not conducted under an IND, the sponsor must ensure that the study is conducted in accordance with GCP, including review and approval by an independent ethics committee (IEC) and informed consent from subjects. The GCP requirements are intended to help ensure the protection of human subjects enrolled in non-IND foreign clinical trials, as well as the quality and integrity of the resulting data. FDA must also be able to validate the data from the study through an on-site inspection if necessary.

There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries, including on clinicaltrials.gov. A sponsor of an investigational biological product for a serious disease or condition is required to make available, such as by posting on its website, its policy on evaluating and responding to requests for individual patient access to such investigational biological product. This requirement applies on the earlier of the first initiation of a Phase 2 or Phase 3 trial of the investigational biological product or, as applicable, 15 days after the biological product receives a designation as a breakthrough therapy or fast track product.

Clinical trials are generally conducted in sequential phases, known as Phase 1, Phase 2 and Phase 3, and may overlap:

1. *Phase 1.* The product candidate is initially introduced into a limited population of healthy human subjects, or in some cases, patients with the disease for which the drug candidate is intended, and tested for safety, dosage tolerance, absorption, metabolism, distribution, and excretion. In the case of some products for some diseases, or when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients with the disease or condition for which the product candidate is intended to gain an early indication of its effectiveness.

2. *Phase 2.* The product candidate is evaluated in a limited, disease-affected patient population (but larger than in Phase 1) to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted indications, and to assess dosage tolerance, optimal dosage, and dosing schedule.

3. *Phase 3.* Clinical trials are undertaken to further evaluate dosage and provide substantial evidence of clinical efficacy and safety in an expanded patient population at geographically dispersed clinical trial sites. Phase 3 clinical trials are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. Frequently, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of a BLA.

4. *Post Approval.* Clinical trials or other post-approval commitments may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and may be required by the FDA as a condition of approval. Such post-approval trials are sometimes referred to as Phase 4 clinical trials. In the case of drugs approved under Accelerated

Approval, post-approval trials are intended to confirm clinical benefit seen with a surrogate endpoint using a long-term clinical outcome endpoint. Failure to exhibit due diligence with regard to conducting such Phase 4 clinical trials could result in withdrawal of approval for products or other consequences.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA; written IND safety reports must be submitted to the FDA and the investigators for Serious and Unexpected Suspected Adverse Reactions, findings from other studies suggesting a significant risk to humans exposed to the drug, findings from animal or in vitro testing that suggest a significant risk for human subjects and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the biologic and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests, proposed labeling, and other relevant information are submitted to the FDA in the form of a BLA requesting approval to market the product for one or more specified indications. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including trials initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational product to the satisfaction of the FDA. Under federal law, the submission of most BLAs is subject to an application user fee, and the sponsor of an approved BLA is also subject to an annual program fee for each approved biological product on the market. Applications for orphan drug products are exempted from the BLA application fee and may be exempted from program fees, unless the application includes an indication for other than a rare disease or condition. The standard time for the FDA to accept a BLA submission is two months. The FDA may request additional information rather than accept an application for filing.

If the FDA determines that the BLA is substantially complete, it will accept the BLA for review.

Once accepted, the FDA reviews the BLA to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality, and purity, and it may inspect the manufacturing facilities to assure cGMP compliance and one or more clinical sites used during the clinical trials to assure GCP compliance. Material changes in manufacturing equipment, location, or process post-approval, may result in additional regulatory review and approval. The standard FDA review process is 10 months once a BLA is accepted for review, but it can take longer. During the review process, the FDA also will determine whether a risk evaluation and mitigation strategy (REMS) is necessary to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS prior to approval. A REMS can substantially increase the costs of obtaining approval. In addition, under the Pediatric Research Equity Act, a BLA or supplement to a BLA must contain data that are adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements. The FDA conducts its own analysis of the clinical trial data, which could result in extensive discussions between the FDA and us during the review process. The review and evaluation of an BLA by the FDA is extensive and time-consuming and may take longer than originally planned to complete, and we may not receive a timely approval, if at all.

The FDA is required to refer an application for a novel biological product to an advisory committee or explain why such referral was not made. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved

and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

The FDA will issue a Complete Response Letter (CRL) describing deficiencies in the BLA and recommend actions if the agency decides not to approve the BLA. A CRL indicates that the review cycle of the application is complete and the application will not be approved in its present form. A CRL describes all deficiencies in the BLA identified by the FDA. The applicant will have to address all of the deficiencies which could take substantial time and resources to address, including development of additional clinical data or an additional Phase 3 clinical trial(s), or other requirements related to nonclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval and issue a denial. If a CRL is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, withdraw the application, or engage in a dispute resolution proceeding or request a hearing. Even if additional data and information is submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive, and the FDA may interpret data differently than we interpret the same data.

If the product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages, or the indications for use may otherwise be limited and may require that certain contraindications, warnings, or precautions be included in the product labeling, which could restrict the commercial value of the product. In addition, the FDA may require development of adequate controls and specifications, or a commitment or requirement to conduct post marketing studies to further assess drug safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. The FDA may also place other conditions on approvals including the requirement for a REMS, to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use (ETASU), such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or based on the results of post-market studies or surveillance programs. Additionally, post-approval, many types of changes to the approved product, such as adding new indications, changing manufacturing processes and adding labeling claims, are subject to further testing requirements and FDA review and approval. Such post-approval requirements can be costly and time-consuming and can affect the potential market and profitability of the product.

Orphan Drug Designation

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biological product intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the U.S., or more than 200,000 individuals in the U.S. and for which there is no reasonable expectation that the cost of developing and making a drug or biological product available in the U.S. for this type of disease or condition will be recovered from sales of the product. Orphan product designation must be requested before submitting a BLA. After the FDA grants orphan product designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan product designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

Orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. Additionally, if a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications to market the same drug or biological product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity.

The period of exclusivity begins on the date that the marketing application is approved by the FDA and applies only to the indication for which the product has been designated. The FDA may approve a second application for the same product for a different use or a second application for a clinically superior version of the product for the same use. The FDA cannot, however, approve the same product made by another manufacturer for the same indication during the market exclusivity period unless it has the consent of the sponsor, or the sponsor is unable to provide sufficient quantities. If a drug or biological product designated as an orphan product receives marketing approval for an indication broader than what is designated, it may not be entitled to orphan product exclusivity. Orphan drug status in the European Union has similar, but not identical, benefits.

The FDA has historically taken the position that the scope of orphan exclusivity aligns with the approved indication or use of a product, rather than the disease or condition for which the product received orphan designation. However, in Catalyst Pharms., Inc. v. Becerra, 14 F.4th 1299 (11th Cir. 2021), the court disagreed with this position, holding that orphan-drug exclusivity blocked the FDA's approval of the same drug for all uses or indications within the same orphan-designated disease. On January 24, 2023, the FDA published a notice in the Federal Register to clarify that the FDA intends to continue to apply its longstanding interpretation of the regulations to all matters outside of the scope of the Catalyst order and will continue tying the scope of orphan-drug exclusivity to the uses or indications for which a drug is approved. It is unclear how future litigation, legislation, agency decisions, and administrative actions will impact the scope of orphan drug exclusivity.

Expedited Review Programs

The FDA offers a number of expedited development and review programs for qualifying product candidates. New biological products are eligible for fast track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a new biologic may request that the FDA designate the biologic as a fast track product at any time during the clinical development of the product. The sponsor of a fast track product has opportunities for more frequent interactions with the applicable FDA review team during product development and, once a BLA is submitted, the product candidate may be eligible for priority review. A fast track product may also be eligible for rolling review, where the FDA may consider for review sections of the BLA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the BLA, the FDA agrees to accept sections of the BLA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the BLA.

A product candidate intended to treat a serious or life-threatening disease or condition may also be eligible for breakthrough therapy designation to expedite its development and review. A product candidate can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product candidate, alone or in combination with one or more other drugs or biologics, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track program features, as well as more intensive FDA interaction and guidance beginning as early as Phase 1 and an organizational commitment to expedite the development and review of the product candidate, including involvement of senior managers.

Any marketing application for a biologic submitted to the FDA for approval, including a product candidate with a fast track designation and/or breakthrough therapy designation, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review. An application for a biological product will receive priority review designation if it is for a biological product that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. The FDA will attempt to direct additional resources to the evaluation of an application for a new biological product designated for priority review in an effort to facilitate the review. For original BLAs, priority review designation means the FDA's goal is to take action on the marketing application within six months of the 60-day filing date (as compared to ten months under standard review).

Fast track designation, breakthrough therapy designation, and priority review do not change the standards for approval but may expedite the development or approval process. Even if a product candidate qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

Accelerated Approval

Product candidates studied for their safety and effectiveness in treating serious conditions may receive accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. Under the Food and Drug Omnibus Reform Act of 2022 (FDORA), the FDA may require, as appropriate, that such trials be underway prior to approval or within a specific time period after the date of approval for a product granted accelerated

approval. Under FDORA, the FDA has increased authority for expedited procedures to withdraw approval of a biologic or indication approved under accelerated approval if, for example, the sponsor fails to conduct the required post-marketing studies or if such studies fail to verify the predicted clinical benefit. In addition, for products being considered for accelerated approval, the FDA generally requires, unless otherwise informed by the FDA, that all advertising and promotional materials intended for dissemination or publication within 120 days of marketing approval be submitted to FDA for review during the pre-approval period. After 120 days following marketing approval, unless otherwise informed by the FDA, advertising and promotional materials must be submitted at least 30 days prior to the intended time of initial dissemination or publication.

Post-Approval Requirements

Any biologic products for which we or our collaborators receive FDA approvals are subject comprehensive and to continuing regulation by the FDA, including, among other things, cGMP compliance for product manufacture, record-keeping requirements, periodic reporting, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, tracking and tracing requirements, complying with certain electronic records and signature requirements, and complying with FDA promotion and advertising requirements, which include, among others, restrictions on direct-to-consumer advertising, promoting biologics for uses or in patient populations that are not described in the product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities, and promotional activities involving the internet. Although physicians may prescribe legally available drugs and biologics for off-label uses, manufacturers may not market or promote such off-label uses. After approval, most changes to the approved product, such as adding new dosage forms, indications or other labeling claims, are subject to prior FDA review and approval.

Biological product manufacturers are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections for compliance with cGMPs. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. Manufacturers and manufacturers' facilities are also required to comply with applicable product tracking and tracing requirements and notify the FDA of counterfeit, diverted, stolen and intentionally adulterated products or products that are otherwise unfit for distribution in the U.S. Manufacturers are also subject to record requests from the FDA that demonstrate cGMP compliance through data and other information. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

Until we establish our own cGMP manufacturing facility, we expect to continue to rely, on third parties for the production of clinical quantities of our product candidates, and expect to rely in the future on third parties for the production of commercial quantities. Future FDA and state inspections may identify compliance issues at our facilities or at the facilities of our contract manufacturers that may disrupt production, or distribution, or may require substantial resources to correct. In addition, discovery of previously unknown problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved BLA, including withdrawal or recall of the product from the market or other voluntary, FDA-initiated or judicial action that could delay or prohibit further marketing.

Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. FDA has authority to require post-market studies, in certain circumstances, on reduced effectiveness of a biological product and FDA may require labeling changes related to new reduced effectiveness information.

Failure to comply with FDA requirements can subject a manufacturer to possible legal or regulatory action, such as product recalls, untitled or warning letters, restrictions on the marketing or manufacturing of the product, issuance of safety alerts/ Dear Healthcare Provider letters / press releases / or other communications containing warnings or other safety information about the product, suspension of manufacturing, imposition of clinical holds on ongoing clinical trials, refusal of FDA to approve pending BLAs or supplements to approved BLAs, product seizure or detention, refusal to permit import or export of product, injunctive action, mandated corrective advertising or communications with healthcare professionals, fines, possible civil or criminal penalties, consent decrees, corporate integrity agreements, debarment, or exclusion from federal healthcare programs, total or partial suspension of production, denial or withdrawal of product approvals or refusal to allow a firm to enter into supply contracts, including government contracts, or other negative

consequences, including adverse publicity. In addition, even if a firm complies with FDA and other requirements, new information regarding the safety or efficacy of a product could lead the FDA to modify or withdraw product approval. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of any of our biologic product candidates, we may apply for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years for one patent per product as compensation for patent term lost during product development and the FDA regulatory review process of that product. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration.

Market exclusivity provisions under the FDCA can also delay the submission or the approval of certain applications of other companies seeking to reference another company's BLA. Specifically, the Biologics Price Competition and Innovation Act established an abbreviated pathway for the approval of biosimilar and interchangeable biological products generally not earlier than 12 years after the original BLA approval. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable" based on their similarity to existing brand product.

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use any product candidates we may develop unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of such product candidates. Even if any product candidates we may develop are approved, sales of such product candidates will depend, in part, on the extent to which third-party payors, including government health programs in the United States such as Medicare and Medicaid, commercial health insurers, and managed care organizations, provide coverage and establish adequate reimbursement levels for such product candidates. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors are increasingly challenging the prices charged, examining the medical necessity, and reviewing the cost-effectiveness of medical products and services and imposing controls to manage costs. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the approved products for a particular indication.

In order to secure coverage and reimbursement for any drug product candidate that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the drug product candidate, in addition to the costs required to obtain FDA or other comparable regulatory approvals. Whether or not we conduct such studies, product candidates may not be considered medically necessary or cost-effective. A decision by a third-party payor not to cover any product candidates we develop could reduce physician utilization of such product candidates once approved and have a material adverse effect on our sales, results of operations and financial condition. Additionally, a payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a product does not assure that other payors will also provide coverage and reimbursement for the product, and the level of coverage and reimbursement can differ significantly from payor to payor.

The containment of healthcare costs also has become a priority of federal and state governments, and the prices of pharmaceuticals have been a focus in this effort. The U.S. government and state legislatures have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement, and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit a company's revenue generated from the sale of any approved products. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which a company or its collaborators receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Pricing and rebate programs must comply with the Medicaid Drug Rebate Program requirements of the Omnibus Budget Reconciliation Act of 1990, as amended, and the Veterans Health Care Act of 1992, as amended. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply.

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

The cost of pharmaceuticals continues to generate substantial governmental and third-party payor interest. We expect that the pharmaceutical industry will experience pricing pressures due to the trend toward managed healthcare, the increasing influence of managed care organizations and additional legislative proposals.

Healthcare Reform

In the United States and foreign jurisdictions, there have been and will continue to be a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell our product candidates profitably, once they are approved for sale. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives.

Anti-Kickback, False Claims, and Other Healthcare Laws and Compliance Requirements

In the United States, the research, manufacturing, distribution, sale and promotion of drug products and medical devices are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare & Medicaid Services (CMS), other divisions of Health and Human Services (e.g., the Office of Inspector General), the U.S. Department of Justice, the Federal Trade Commission, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Environmental Protection Agency, the Occupational Safety and Health Administration, state Attorneys General, and other state and local government agencies.

Healthcare providers, physicians, and third-party payors will play a primary role in the recommendation and prescription of drug products for which we obtain marketing approval. Arrangements with third-party payors, healthcare providers and physicians, as well as patients and other third parties, in connection with the clinical research, sales, marketing and promotion of products, once approved, and related activities, may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations. In the U.S., these laws include, without limitation, state and federal anti-kickback, false claims, physicians' sunshine (e.g., transparency), price reporting, consumer protection, and patient data privacy, data breach notification and security laws and regulations.

For example, the federal Anti-Kickback Statute makes it illegal for any person, including a biopharmaceutical company, or a party acting on its behalf, to knowingly and willfully solicit, receive, offer or pay any remuneration that is intended to induce the referral of business, including the purchase, order or prescription of a particular drug, or other good or service for which payment in whole or in part may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to ten years in prison, criminal fines, administrative civil money penalties and exclusion from participation in federal healthcare programs. While this Statute has a number of exceptions and regulatory safe harbors that safeguard certain common, industry practices from prosecution, these exceptions and safe harbors are narrowly defined, and parties must satisfy all elements of an available exception or safe harbor to avoid

scrutiny. Further, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them to have committed a violation.

Many states have adopted laws similar to the federal Anti-Kickback Statute. Some of these state prohibitions apply to the referral of patients for healthcare services reimbursed by any insurer, not just federal healthcare programs such as Medicare and Medicaid. Due to the breadth of these federal and state anti-kickback laws, the evolving guidance in the form of regulations or court decisions and the potential for additional legal or regulatory change in this area, it is possible that our future sales and marketing practices or our future relationships with medical professionals might be challenged under federal and state anti-kickback laws.

Additionally, the federal False Claims Act prohibits anyone from knowingly presenting, or causing to be presented, for payment to federal programs (including Medicare and Medicaid) claims for items or services, including drugs, that are false or fraudulent, claims for items or services not provided as claimed or claims for medically unnecessary items or services. Although we would not submit claims directly to payors, biopharmaceutical companies can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information or promoting a product off-label. Penalties for a federal False Claims Act violation include three times the actual damages sustained by the government, plus mandatory civil penalties effective as of January 15, 2025 of between $14,308 and $28,619 for each separate false claim (each of which is subject to adjustment for inflation) and the potential for exclusion from participation in federal healthcare programs. Although the federal False Claims Act is a civil statute, conduct that results in a federal False Claims Act violation may also implicate various federal criminal statutes, such as the federal Anti-Kickback Statute described above. In addition, private individuals have the ability to bring actions under the federal False Claims Act and certain states have enacted laws modeled after the federal False Claims Act. The federal government has and continues to use the False Claims Act, and the accompanying threat of significant liability, in its investigation and prosecution of pharmaceutical and biotechnology companies in connection with the potential or actual false claims resulting from promotion of products for unapproved uses or other sales and marketing practices. The government has obtained multi-billion dollar settlements under the False Claims Act and individual criminal convictions under applicable criminal statutes. We expect that the government will continue to devote substantial resources to investigating potential or actual violations of the False Claims Act.

The federal physician Payments Sunshine Act (generally referred to as the Open Payments™ Program) is a provision under the Patient Protection and Affordable Care Act (ACA). The Open Payments Program imposes reporting requirements on covered entities (e.g., drug manufacturers) for payments made or transfers of value provided by them to certain healthcare organizations (e.g., teaching hospitals) and physicians, which is broadly defined to include doctors, dentists, optometrists, podiatrists and chiropractors, and certain non-physician practitioners (e.g., physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists, anesthesiology assistants and certified nurse midwives). Covered entities are also required to report ownership and investment interests held by physicians and their immediate family members (as it relates to the Covered entities). This information is then analyzed and made public, available via searchable databases. Failure to submit required information may result in significant civil monetary penalties for any payments, transfers of value, or ownership or investment interests that are not timely, accurately and completely reported in an annual submission. Similarly, certain states also mandate the tracking and reporting of gifts, compensation and other remuneration to physicians. Some of these states also require the implementation of commercial compliance programs and impose restrictions on drug manufacturer marketing practices.

The federal criminal statute on false statements makes it a crime to knowingly and willfully (in connection with the delivery of or payment for health care benefits, items, or services): (i) falsify, conceal, or cover up any material fact, (ii) make any materially false, fictitious, or fraudulent statements or representations, or (iii) make or use any materially false writing or document while knowing such writings or documents contain materially false, fictitious, or fraudulent statements.

The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) prohibits, among other things, knowingly and willfully executing a scheme to defraud any healthcare benefit program. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH) and their implementing regulations, also imposes requirements relating to the privacy, security and transmission of protected health information on HIPAA covered entities, which include certain healthcare providers, health plans and healthcare clearinghouses, and their business associates who conduct certain activities for or on their behalf involving protected health information on their behalf. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured protected health information, a complaint about privacy practices or an audit by Health and Human Services may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a

resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. Further, entities that knowingly receive individually identifiable health information from a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA may be subject to criminal penalties. In addition, certain state laws govern the privacy and security of health information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

The failure to comply with these laws and regulatory requirements subjects companies to possible legal or regulatory action. As discussed above, depending on the circumstances, failure to meet applicable laws and regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of product approvals or refusal to allow a company to enter into supply contracts, including government contracts.

Europe / Rest of World Government Regulation

In addition to regulations in the United States, we, and our collaborators, will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical trials and any commercial sales, marketing and distribution of our products, similar or more stringent than the U.S. laws.

Whether or not we, or our collaborators, obtain FDA approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. The requirements and process governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In addition, we and our collaborators may be subject to foreign laws and regulations and other compliance requirements, including, without limitation, anti-kickback laws, false claims laws and other fraud and abuse laws, as well as laws and regulations requiring transparency of pricing and marketing information and laws and regulations governing the privacy and security of health information, such as the European Union's General Data Protection Regulation, the United Kingdom's General Data Protection Regulation, the European Health Data Space Regulation.

If we, or our collaborators, fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Corporate Information

We were incorporated in California in August 1997 under the name Xencor. In September 2004, we reincorporated in the state of Delaware under the name Xencor, Inc. Our principal offices are located at 465 North Halstead Street, Suite 200, Pasadena, CA, 91107, and our telephone number is (626) 305-5900. Our website address is www.xencor.com. Our website and the information contained on, or that can be accessed through, the website will not be deemed to be incorporated by reference in and are not considered part of this Annual Report. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Section 13(a) and 15(d) of the Exchange Act are available free of charge on the Investor Relations portion of our website at www.xencor.com as soon as reasonably practical after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). The SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

Summary of Risk Factors

We are subject to a number of risks that if realized could materially harm our business, prospects, operating results, and financial condition. Some of the more significant risks and uncertainties we face include those summarized below. The summary below is not exhaustive and is qualified by reference to the full set of risk factors set forth in this "Risk Factors" section. Please carefully consider all of the information in this Form 10-K, including the full set of risks set forth in this "Risk Factors" section, and in our other filings with the U.S. Securities and Exchange Commission before making an investment decision regarding Xencor.

We have reviewed our risk factors and categorized them into five specific categories:

1. Risks related to our unique and specific business operations as a small biotechnology company. These risks include:

    - Our success depends on our ability to use and expand our XmAb technology platform to build a pipeline of product candidates and develop marketable products. We cannot be certain our candidates will receive regulatory approval or be successfully commercialized.
    - The clinical development stage of our operations may make it difficult for you to evaluate the success of our business to date and to assess our future viability.
    - Preliminary, interim, and topline data from our clinical trials that we announce or publish may change as more patient data become available that could result in material changes in the final data.
    - Our business and results of operations could be adversely impacted by inflation.

2. Risks related to our financial position, capital requirements and ownership of our common stock. These risks include:

    - We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.
    - Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. We may never be profitable.
    - We will require additional financing and may be unable to raise sufficient capital, which could lead us to delay, reduce or abandon research and development programs or commercialization.
    - The market price of our common stock is likely to be highly volatile, and you could lose all or part of your investment.
    - Our principal stockholders, directors and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.
    - Raising additional funds through debt or equity financing may be dilutive and raising funds through licensing may require us to relinquish rights to our technology or product candidates.
    - Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.
    - We have identified material weaknesses in our internal control over financial reporting, and our management has concluded that our disclosure controls and procedures were not effective as of December 31, 2023 and 2024. If we fail to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, investors may lose confidence in the accuracy and completeness of our financial reports and the trading price of our common stock may decline.

3. Risks related to our intellectual property. These risks include:

    - If we are unable to obtain, maintain and enforce intellectual property protection covering our products, others may be able to make, use or sell products substantially the same as ours, which could adversely affect our ability to compete in the market.
    - We have in-licensed, and may in the future in-license, a portion of our intellectual property, and, if we fail to comply with our obligations under these arrangements, we could lose such intellectual property rights or owe damages to the licensor of such intellectual property.
    - We may be required to reduce the scope of our intellectual property due to third-party intellectual property claims.
    - Our products could infringe patents and other property rights of others, which may result in costly litigation and, if we are not successful, could cause us to pay substantial damages or limit our ability to commercialize our products, which could have a material adverse effect on our business.
    - If we are not able to prevent disclosure of our trade secrets and other proprietary information, the value of our technology and products could be significantly diminished.
    - If we do not obtain patent term extension and data exclusivity for any therapeutic candidates we develop, our business may be materially harmed.

4. Risks related to our dependence on third parties. These risks include:

    - Our patent protection and prosecution for some of our product candidates is dependent on third parties.
    - We rely on third-party manufacturers to manufacture our product candidates and provide supplies for our studies. If any of our third-party manufacturers encounter problems or loss of drug material during production or otherwise fail to comply with their contractual obligations, the development of our product candidates could be delayed or stopped.
    - Our existing partnerships are important to our business, and future partnerships may also be important to us. If we are unable to maintain any of these partnerships, or if these partnerships are not successful, our business could be adversely affected.
    - We rely upon third-party contractors, and service providers for the execution of most aspects of our development programs. Failure of these collaborators to provide services of a suitable quality and within acceptable timeframes may cause the delay or failure of our development programs.

5. Risks related to our industry. These risks include:

    - Clinical trials are expensive and take years to conduct and the outcome of such clinical trials is uncertain. Clinical trials may fail to prove our product candidates are safe and effective.
    - Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials and abandon product candidates.
    - If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.
    - Our industry is subject to competition for skilled personnel and the challenges we face to identify and retain key personnel could impair our ability to effectively conduct and grow our operations.
    - The development and commercialization of biologic products is subject to extensive regulation, and we may not obtain regulatory approvals for any of our product candidates.
    - We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.
    - Present and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.
    - Our business involves the controlled use of hazardous materials, and as such we are subject to environmental and occupational safety laws. Continued compliance with these laws may incur substantial costs and failure to maintain compliance could result in liability for damages that may exceed our resources.

Risks Related to Our Unique and Specific Business Operations as a Small Biotechnology Company

Our success depends on our ability to use and expand our XmAb technology platform to build a pipeline of product candidates and develop marketable products. We cannot be certain our candidates will receive regulatory approval or be successfully commercialized.

We use our proprietary XmAb technology platform to develop engineered antibodies, with an initial focus on four properties: immune inhibition, cytotoxicity, extended half-life and most recently, heterodimeric Fc domains enabling molecules with dual target binding. This platform has led to our current pipeline of candidates as well as the other programs that utilize our technology and that are being developed by our partners and licensees. While we believe our preclinical and clinical data to date, together with our established partnerships, has validated our platform to a degree, most of the programs are in early stages of development. Although drug candidates incorporating our Fc technology, or Fc candidates, have been approved by the FDA, other product candidates have not yet been, and may never lead to, approved or marketable therapeutic antibody products. Even if we are successful in continuing to build our pipeline, the potential candidates that we identify may not be suitable for clinical development, including as a result of their harmful side effects, limited efficacy or other characteristics that indicate that they are unlikely to receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize product candidates, we may not be able to obtain product or partnership revenues in future periods, which would adversely affect our business, prospects, financial condition and results of operations.

The clinical development stage of our operations may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

Our operations to date have been limited to raising capital, staffing our company, developing our proprietary XmAb technology platform, identifying potential product candidates, conducting preclinical studies and clinical trials, developing partnerships and business planning. We have conducted, or are currently conducting, early phase clinical trials for several product candidates, but have not completed any late stage clinical trials for these or any other product candidate. We have not yet demonstrated our ability to successfully complete any pivotal clinical trials, obtain regulatory approvals, manufacture a commercial scale product, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we were further advanced in development of our product candidates.

In addition, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We believe we will need to transition from a company with a research and development focus to a company capable of supporting commercial activities. We may not be successful in this transition.

We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance.

Preliminary, interim, and topline data from our clinical trials that we announce or publish may change as more patient data become available that could result in material changes in the final data.

From time to time, we may publicly disclose preliminary, interim or topline data from our clinical trials. These updates are based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. Additionally, interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Therefore, positive interim results in any ongoing clinical trial may not be predictive of such results in the completed study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the preliminary results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Preliminary data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, preliminary, interim or topline data should be viewed with caution until the final data are available. In addition, we may report interim analyses of only certain endpoints rather than all endpoints. Adverse changes between preliminary or interim data and final data could significantly harm our business and prospects. Further, additional disclosure of interim data by us or by our competitors in the future could result in volatility in the price of our common stock. See the description of risks under the heading “Risks Related to Our Financial Position, Capital Requirements and Ownership of Our Common Stock” for more disclosure related to the risk of volatility in our stock price.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is typically selected from a more extensive amount of available information. You or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product, product candidate or our business. If the preliminary or topline data that we report differ from late, final or actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize our product candidates may be harmed, which could harm our business, financial condition, results of operations and prospects.

Our business and results of operations could be adversely impacted by inflation.

The Company’s financial performance is subject to global and US economic conditions. Recent increases in interest rates and inflation, globally, and in the US regions, have led to economic volatility, increased borrowing costs,

price increases and risks of recessions. Economic recessions may have adverse consequences across industries, including the biotechnology industry, which may adversely affect the Company's business and financial condition. As a result of the ongoing actions taken by governments to attempt to slow down rising inflation, there is substantial uncertainty about the strength of the global economies, which may currently or in the near term be in a recession and have experienced rapid increases in uncertainty about the pace of potential recovery. In addition, changes in general market, economic and political conditions in domestic and foreign economies or financial markets, including fluctuation in stock markets resulting from, among other things, trends in the economy and inflation, as are being currently experienced, may adversely impact our cash runway as well as our ability to raise funds.

Unfavorable global economic or political conditions could adversely affect our business, financial condition or results of operations.

Our business is susceptible to general conditions in the global economy and in the global financial markets. A global financial crisis or a global or regional political disruption could cause extreme volatility in the capital and credit markets. A severe or prolonged economic downturn, including a recession or depression resulting from the political disruption, could result in a variety of risks to our business, including weakened demand for our current or future product candidates, if approved, and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy or political disruption could also strain our manufacturers or suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our potential drugs, if approved. Russia's invasion of Ukraine and sanctions against Russia are causing disruptions to global economic conditions. The escalation in October 2023 of the conflict between Israel and Hamas also could cause disruptions to global economic conditions and affect the stability of the Middle East region. Further, the global equity markets in general have recently experienced extreme price and volume fluctuations, including as a result of economic uncertainty and increased interest rates, inflation, the government closure of Silicon Valley Bank and Signature Bank, and liquidity concerns at other financial institutions that may be unrelated to our operating performance. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects, and we cannot anticipate all of the ways in which the political or economic climate and financial market conditions could adversely impact our business.

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

Our current operations are predominantly located in California. Any unplanned event, such as a flood, wildfire, explosion, earthquake, extreme weather condition, epidemic or pandemic, power outage, telecommunications failure or other natural or man-made accidents or incidents that result in us being unable to fully utilize our facilities may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Any similar impacts of natural or man-made disasters on our third-party CMOs and CROs, could cause delays in our clinical trials and may have a material and adverse effect on our ability to operate our business and have significant negative consequences on our financial and operating conditions. If a natural disaster, power outage or other event occurred that prevented us from using our clinical sites, impacted clinical supply or the conduct of our clinical trials, that damaged critical infrastructure, such as the manufacturing facilities of our third-party CMOs, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we and our CMOs and CROs have in place may prove inadequate in the event of a serious disaster or similar event. In the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance we currently carry will be sufficient to satisfy any damages and losses. If our facilities, or the manufacturing facilities of our CMOs or CROs, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our development programs may be harmed. Any business interruption could adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Our Financial Position, Capital Requirements and Ownership of Our Common Stock

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

We are a clinical-stage biopharmaceutical company. To date, we have financed our operations primarily through equity financings and our research and development licensing agreements and have incurred significant operating losses since our inception in 1997. For the year ended December 31, 2024, we incurred a net loss of $232.6 million and as of

December 31, 2024, we had an accumulated deficit of $704.0 million. We expect to incur additional net losses in future years as we execute our plan to continue our discovery, research and development activities, including the ongoing and planned clinical development of our antibody product candidates, and incur the additional costs of operating as a public company. We are unable to predict the extent of any future losses or when we will become profitable, if ever. Even if we do achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis which would adversely affect our business, prospects, financial condition, and results of operations.

Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. We may never be profitable.

We have devoted substantially all of our financial resources and efforts to developing our proprietary XmAb technology platform, identifying potential product candidates and conducting preclinical studies and clinical trials. We are still in the early stages of developing our product candidates, and we have not completed development of any of our wholly-owned products. Our revenue to date has been primarily revenue from the license of our proprietary XmAb technology platform and drug candidates for the development of product candidates by others or revenue from our partners. Our ability to generate revenue and achieve profitability depends in large part on our ability, alone or with partners, to achieve milestones and to successfully complete the development of, obtain the necessary regulatory approvals for, and commercialize and market, product candidates. We do not anticipate generating revenues from sales of our own products in the foreseeable future that will provide sufficient proceeds to fund our operations on an ongoing basis.

Our ability to generate future revenues from licensing our proprietary XmAb technologies and drug candidates depends heavily on our and our partners' success in advancing drug candidates that they have licensed from us or developed using one of our technologies. Our partners face the same development, regulatory and market risk for advancing their drug candidates and their ability to successfully advance these partnered programs will affect potential milestones and royalties we could earn under our collaboration agreements. Further, our partners may decide not to pursue, or decide to deprioritize our programs due to changing priorities which could affect our future potential revenue from such arrangements.

Because of the numerous risks and uncertainties associated with biologic product development, we are unable to predict the timing or amount of increased expenses and when we will be able to achieve or maintain profitability, if ever. In addition, our expenses could increase beyond expectations if we are required by the FDA, or foreign regulatory agencies, to perform studies and trials in addition to those that we currently anticipate, or if there are any delays in our or our partners' completion of clinical trials or delays in the development of any of our product candidates. Even if we or our partners are able to generate revenues from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations, which may not be available to us on favorable terms, if at all.

We will require additional financing and may be unable to raise sufficient capital, which could lead us to delay, reduce or abandon research and development programs or commercialization.

As of December 31, 2024, we had $706.7 million in cash, cash equivalents, and marketable debt securities. We expect our expenses to increase in connection with our ongoing development activities, including the continued development of our pipeline of bispecific antibody drug candidates and other research activities. Identifying potential product candidates and conducting preclinical testing and clinical trials are time-consuming, expensive, and uncertain processes that take years to complete, and we or our partners may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success.

Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if at all. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

We believe our existing cash, cash equivalents and marketable securities, together with interest thereon and expected milestones and royalty payments will be sufficient to fund our operations into 2028. However, changing circumstances or inaccurate estimates by us may cause us to use capital significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. We do not have sufficient cash to complete the clinical development of any of our product candidates and will require additional funding to complete the development activities required for regulatory approval of our current product candidates or any other future product candidates that we develop independently. Because successful development of our product candidates

is uncertain, we are unable to estimate the actual funds we will require to complete research and development and commercialize our product candidates. Adequate additional financing may not be available to us on acceptable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations; even if we believe we have sufficient funds for our current or future operating plans. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

The market price of our common stock is likely to be highly volatile, and you could lose all or part of your investment.

Prior to our initial public offering (IPO), there was no public market for our common stock. The trading price of our common stock is likely to be volatile. Since our IPO, the trading price of our common stock has ranged from a low of approximately $5.75 to a high of approximately $58.345. From January 2, 2024 to December 31, 2024, the trading price of our common stock ranged from a low of $15.31 to a high of $27.24. Our stock price could be subject to wide fluctuations in response to a variety of factors, including the following:

1. adverse results or delays, or cancellations of clinical trials by us or our partners;
2. inability to obtain additional funding;
3. changes in laws or regulations applicable to our products;
4. inability to obtain adequate product supply for our product candidates, or the inability to do so at acceptable prices;
5. adverse regulatory decisions;
6. changes in the structure of healthcare payment systems;
7. introduction of new products or technologies by our competitors;
8. failure to meet or exceed product development or financial projections we provide to the public;
9. the perception of the pharmaceutical and biotechnology industry by the public, legislatures, regulators and the investment community;
10. announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
11. disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
12. additions or departures of key scientific or management personnel;
13. significant lawsuits, including patent or stockholder litigation;
14. changes in the market valuations of similar companies;
15. sales of our common stock by us or our stockholders in the future; and
16. trading volume of our common stock.

In addition, the stock market in general, and the Nasdaq Global Market and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biopharmaceutical companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

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

Based on information available to us as of December 31, 2024 our executive officers, directors, 5% stockholders and their affiliates beneficially owned, as a group, approximately 56.8% of our voting stock. The interests of these stockholders may not be the same as or may even conflict with your interests.

Therefore, our officers, directors and 5% stockholders and their affiliates will have the ability to influence us through this ownership position and so long as they continue to beneficially own a significant amount of our outstanding voting stock. These stockholders may be able to determine all matters requiring stockholder approval and this concentration of ownership may deprive other stockholders from realizing the true value of our common stock. For example, these stockholders, acting together, may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals, offers for our common stock or other transactions or arrangements that you may believe are in your best interest as one of our stockholders.

Raising additional funds through debt or equity financing may be dilutive and raising funds through licensing may require us to relinquish rights to our technology or product candidates.

To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of those securities could result in substantial dilution for our current stockholders and the terms may include liquidation or other preferences that adversely affect the rights of our current stockholders. Existing stockholders may not agree with our financing plans or the terms of such financings. If we are unable to obtain additional funding on required timelines, we may be required to:

1. seek collaborators for one or more of our product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available;

2. relinquish or license on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves; or

3. significantly curtail one or more of our research or development programs or cease operations altogether. Additional funding may not be available to us on acceptable terms, or at all.

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

We expect that significant additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities, or other equity securities in one or more transactions at prices and in a manner, we determine from time to time. These sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders.

Pursuant to our 2023 Equity Incentive Plan (2023 Plan), subject to the Board of Directors approval, our management is authorized to grant stock options and other equity-based awards to our employees, directors and consultants. As of December 31, 2024, we had options to purchase 12,370,081 shares outstanding under our equity compensation plans. In addition, we are also authorized to grant equity awards, including stock options, to our employees, directors, and consultants, covering up to 18,367,000 shares of our common stock, pursuant to our equity compensation plans. We plan to register the number of shares available for issuance or subject to outstanding awards under our equity compensation plans.

On February 27, 2023, we filed an automatic universal shelf registration statement on Form S-3 (File No. 333-270030) as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, which became effective upon filing (the Shelf Registration Statement). The Shelf Registration Statement allows us to offer an indeterminate amount of securities, including equity securities, debt securities, warrants, rights, units and depositary shares, from time to time as described in the Shelf Registration Statement. The specific terms of any offering under the Shelf

Registration Statement will be established at the time of such offering. The Shelf Registration Statement will expire on February 27, 2026.

On February 27, 2023, we entered into a sales agreement (the Sales Agreement) with SVB Securities LLC (the Agent) pursuant to which we may offer and sell, from time to time, through the Agent (the ATM Offering), shares of our common stock having an aggregate offering price of up to $200 million (the ATM Shares). Any ATM Shares offered and sold in the ATM Offering are to be issued pursuant to the Shelf Registration Statement and the 424(b) prospectus supplement relating to the ATM Offering dated February 27, 2023 (the ATM Prospectus). From the date of the ATM Prospectus through December 31, 2024, no shares of our common stock were sold pursuant to the ATM Offering and, as of December 31, 2024, we may sell shares of our common stock for remaining gross proceeds of up to $200 million from time to time pursuant to the ATM Prospectus.

If our internal control over financial reporting is not effective, we may not be able to accurately report our financial results or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports in a timely manner. If we fail to adequately staff our accounting and finance function to address the additional demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act of 2002, or fail to maintain adequate internal control over financial reporting, it could prevent our management from concluding our internal control over financial reporting is effective and impair our ability to prevent material misstatements in our financial statements, which could cause our business to suffer.

As a large accelerated filer, we are subject to additional internal control requirements of the Sarbanes-Oxley Act of 2002.

Sales of a substantial number of shares of our common stock by our existing stockholders in the public market could cause our stock price to fall.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. In addition, a substantial number of shares of common stock are subject to outstanding options that are or will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules. If these additional shares of common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

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

Our net operating loss (NOL) carryforwards generated in tax years ending on or prior to December 31, 2017, are only permitted to be carried forward for 20 years under applicable U.S. tax law. Under the Tax Cuts and Jobs Act of 2017 (TCJA), our federal NOLs generated in tax years ending after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal NOLs generated in tax years beginning after December 31, 2021, is limited. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation's ability to use its pre-change NOL carryforwards and other pre-change U.S. tax attributes (such as research tax credits) to offset its post-change income or taxes may be limited. It is also possible that we have in the past undergone, and in the future may undergo, ownership changes that could result in additional limitations on our net operating loss and tax credit carryforwards.

As a result, our pre-2018 NOL carryforwards may expire prior to being used. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, if we earn net taxable income, we may be unable to use all or a material portion of our NOLs and other tax attributes, which could potentially result in increased future tax liability to us and adversely affect our future cash flows.

New federal and state income tax legislation may affect our current and future income tax liabilities.

The TCJA changed the income tax treatment of research and development expenses which may result in additional federal and state tax liabilities. For tax years beginning after December 31, 2021, research and development costs must be capitalized and amortized over a period of years; this has resulted in additional federal tax expense and liabilities to us in 2022 and 2023.

We do not intend to pay dividends on our common stock so any returns will be limited to the value of our stock.

We have never declared or paid any cash dividend on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock.

Provisions in our amended and restated certificate of incorporation and second amended and restated bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders or remove our current management.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders and may prevent attempts by our stockholders to replace or remove our current management. These provisions include:

- authorizing the issuance of "blank check" preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- eliminating the ability of stockholders to call a special meeting of stockholders; and
- establishing advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted upon at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with an interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder, unless such transactions are approved by our Board of Directors. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders. Further, other provisions of Delaware law may also discourage, delay, or prevent someone from acquiring us or merging with us. Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Requirements associated with being a public reporting company will continue to increase our costs significantly, as well as divert significant company resources and management attention.

We have been subject to the reporting requirements of the Exchange Act and the other rules and regulations of the Securities and Exchange Commission (SEC) since December 2013. Effective for the year-ended December 31, 2016, we became a large accelerated filer and are subject to additional internal control and SEC reporting obligations. Compliance with the various reporting and other requirements applicable to public reporting companies requires considerable time, attention of management, and financial resources.

Further, the listing requirements of The Nasdaq Global Market require that we satisfy certain corporate governance requirements relating to director independence, distributing annual and interim reports, stockholder meetings, approvals, and voting, soliciting proxies, conflicts of interest and a code of conduct. Our management and other personnel need to devote a substantial amount of time to ensure that we comply with all of these requirements. Moreover, the reporting requirements, rules and regulations increase our legal and financial compliance costs and also make some

activities more time-consuming and costly. These reporting requirements, rules, and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors or Board committees or to serve as executive officers, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms.

In addition, being a public company could make it more difficult or more costly for us to obtain certain types of insurance, including directors' and officers' liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, our Board committees, or as executive officers.

Any changes we make to comply with these obligations may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all.

Our ability to effectively monitor and respond to the rapid and evolving developments and expectations relating to sustainability, including the environmental, social and governance matters, may impose unexpected costs or results in reputational or other harm that could have a material adverse effect on our business.

There is an increasing focus from certain investors, employees, regulators and other stakeholders concerning corporate responsibility and sustainability matters, including with regard to environmental, social and governance (ESG) factors. Some investors and investor groups may use these factors, either positively or negatively, to guide investment strategies and decisions and, in some cases, investors may choose not to invest in us if they believe our policies or practices relating to corporate responsibility and sustainability do not align with their expectations.

Currently, a variety of third-party providers of corporate responsibility and sustainability ratings measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. Investors, particularly institutional investors, use these ratings to benchmark companies against their peers, and major institutional investors have publicly emphasized the importance of ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, companies' efforts and impacts on climate change, human rights, business ethics and compliance, diversity, equity and inclusion (DEI) and the role of companies' board of directors in overseeing various sustainability-related issues. In light of investors' increased focus on sustainability matters, if we are, for example, perceived as lagging in taking steps with respect to ESG initiatives, certain investors may seek to engage with us on improving our ESG disclosures or performance. They may also make voting decisions or take other actions to hold us and our Board of Directors accountable.

In addition, there are rapidly evolving developments and changing expectations relating to sustainability matters. As a result, the criteria by which our corporate responsibility and sustainability practices are assessed may change, which could cause us to undertake costly initiatives or actions to satisfy new demands. If we elect not to or are unable to adequately recognize and respond to such developments and changing governmental, societal, investor and/or consumer expectations relating to sustainability matters, we may miss corporate opportunities, become subject to additional scrutiny or incur unexpected costs. We may face risk of litigation or reputational damage in the event that our sustainability policies or practices do not meet the standards set by various constituencies.

We may also face reputational damage if we are unable to achieve an acceptable sustainability rating from third-party rating services. A low sustainability rating by a third-party rating service could also result in the exclusion of our Common Stock from consideration by certain investors who may elect to invest with our competitors instead. Ongoing focus on corporate responsibility and sustainability matters by investors and other stakeholders as described above may impose additional costs or expose us to new risks. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation and on our business, financial condition or results of operations, including the sustainability of our business over time, and could cause the market value of our Common Stock to decline.

Further, our emphasis on sustainability issues may not maximize short-term financial results and may yield financial results that conflict with the market's expectations. We may in the future make business decisions consistent with our sustainability goals that we believe, based on considered analysis, will create value and improve our financial performance over the long-term. These decisions, however, may not be consistent with the short-term expectations of our stockholders and may not produce the long-term benefits that we expect, in which case our business, financial condition and results of operations could be harmed.

We have identified material weaknesses in our internal control over financial reporting, and our management has concluded that our disclosure controls and procedures were not effective as of December 31, 2023 and 2024. If we fail to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, investors may lose confidence in the accuracy and completeness of our financial reports and the trading price of our common stock may decline.

Pursuant to Section 404 of the Sarbanes-Oxley Act, our management is required to report on, and our independent registered public accounting firm is required to audit, the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to determine the adequacy of our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation if a deficiency is identified. Annually, we perform activities that include reviewing, documenting, and testing our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Any failure to achieve and maintain an effective system of internal control could result in materially misstated consolidated financial statements and a failure to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could result in significant expenses to remediate any internal control deficiency and lead to a decline in the price of our common stock.

We previously concluded that certain periods of our historical financial statements should no longer be relied upon and should be restated to reflect the correct accounting for the sale of future royalties pursuant to the Ultomiris Royalty Sale Agreement and to account for additional tax liabilities. In addition, on February 7, 2025, RSM informed us that disclosure should be made or action should be taken to prevent future reliance on RSM's audit report filed with the Original Form 10-K for the year ended December 31, 2023 and completed interim review related to previously issued financial statements included in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2024, June 30, 2024 and September 30, 2024. In connection with this restatement, our management re-evaluated the effectiveness of our disclosure controls and procedures and internal control over financial reporting as of December 31, 2023. Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2023, and our management concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to material weaknesses (a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis) related to the design of controls related to the review of the accounting treatment of the non-routine transactions and the evaluation of certain tax legislation. These material weaknesses led to the restatement of our audited financial statements for the year ended December 31, 2023 and the unaudited financial statements for the quarterly periods ended March 31, 2024, June 30, 2024 and September 30, 2024. On February 24, 2025, we filed an Annual Report on Form 10-K/A for the year ended December 31, 2023 and Quarterly Reports on Form 10-Q/As for the quarterly periods ended March 31, 2024, June 30, 2024 and September 30, 2024.

We are in the process of implementing remediation plans to address these material weaknesses. While we believe these efforts will improve our internal controls and address the root causes of the material weaknesses, the material weaknesses cannot be considered completely remediated until applicable controls have been designed, implemented, have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We cannot be certain that the steps we are taking will be sufficient to remediate the control deficiencies that led to the material weaknesses in our internal control over financial reporting or prevent future material weaknesses or control deficiencies from occurring. In addition, we cannot be certain that we have identified all material weaknesses in our internal control over financial reporting, or that in the future we will not have additional material weaknesses in our internal control over financial reporting. For more information related to the material weaknesses and their remediation, see Part II, Item 9A Controls and Procedures of this Form 10-K.

Risks Related to Our Intellectual Property

If we are unable to obtain, maintain and enforce intellectual property protection covering our products and any future products we may develop, others may be able to make, use or sell products substantially the same as ours, which could adversely affect our ability to compete in the market.

Our commercial success depends, in part, on our ability to obtain, maintain and enforce patents, trade secrets, trademarks and other intellectual property rights and to operate without having third parties infringe, misappropriate or

circumvent the rights that we own or license. The value of many of our partnered licensing arrangements is based on the underlying intellectual property and related patents. If we are unable to obtain, maintain and enforce intellectual property protection covering our products or underlying technologies, others may be able to make, use or sell products that are substantially the same as ours without incurring the sizeable development and licensing costs that we have incurred, which would adversely affect our ability to compete in the market. We file patent applications in the United States, Canada, Japan, Europe and other major markets either directly or via the Patent Cooperation Treaty. Our ability to stop third parties from making, using, selling, offering to sell or importing our product candidates is dependent upon the extent to which we have rights under valid and enforceable patents or trade secrets that cover these activities. However, the patent positions of biopharmaceutical companies, including ours, can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in patents in these fields has emerged to date in the United States. The U.S. patent laws have recently changed, there have been changes regarding how patent laws are interpreted, and the U.S. Patent and Trademark Office (the PTO) has also implemented changes to the patent system. Some of these changes are currently being litigated, and we cannot accurately determine the outcome of any such proceedings or predict future changes in the interpretation of patent laws or changes to patent laws which might be enacted into law. Those changes may materially affect our patents, our ability to obtain patents or the patents and applications of our collaborators and licensors. The patent situation in the biopharmaceutical industry outside the United States is even more uncertain. Therefore, there is no assurance that our pending patent applications will result in the issuance of patents or that we will develop additional proprietary products which are patentable. Moreover, patents issued or to be issued to us may not provide us with any competitive advantage. Our patent position is subject to numerous additional risks, including the following:

1. we may fail to seek patent protection for inventions that are important to our success;
2. our pending patent applications may not result in issued patents;
3. we cannot be certain that we are the first to invent the inventions covered by pending patent applications or that we were the first to file such applications and, if we are not, we may be subject to priority disputes;
4. we may be required to disclaim part or all of the term of certain patents or all of the term of certain patent applications;
5. we may file patent applications but have claims restricted or we may not be able to supply sufficient data to support our claims and, as a result, may not obtain the original claims desired or we may receive restricted claims. Alternatively, it is possible that we may not receive any patent protection from an application;
6. we could inadvertently abandon a patent or patent application, resulting in the loss of protection of certain intellectual property rights in a certain country. We, our collaborators or, our patent counsel may take action resulting in a patent or patent application becoming abandoned which may not be able to be reinstated or if reinstated, may suffer patent term adjustments;
7. the claims of our issued patents or patent applications when issued may not cover our product candidates;
8. no assurance can be given that our patents would be declared by a court to be valid or enforceable or that a competitor’s technology or product would be found by a court to infringe our patents. Our patents or patent applications may be challenged by third parties in patent litigation or in proceedings before the PTO or its foreign counterparts, and may ultimately be declared invalid or unenforceable, or narrowed in scope;
9. there may be prior art of which we are not aware that may affect the validity or enforceability of a patent claim. There also may be prior art of which we are aware, but which we do not believe affects the validity or enforceability of a claim, which may, nonetheless, ultimately be found to affect the validity or enforceability of a claim;
10. third parties may develop products which have the same or similar effect as our products without infringing our patents. Such third parties may also intentionally circumvent our patents by means of alternate designs or processes or file applications or be granted patents that would block or hurt our efforts;
11. there may be dominating patents relevant to our product candidates of which we are not aware;
12. our patent counsel, lawyers or advisors may have given us, or may in the future give us incorrect advice or counsel. Opinions from such patent counsel or lawyers may not be correct or may be based on incomplete facts;

13. obtaining regulatory approval for biopharmaceutical products is a lengthy and complex process, and as a result, any patents covering our product candidates may expire before, or shortly after such product candidates are approved and commercialized;
14. the patent and patent enforcement laws of some foreign jurisdictions do not protect intellectual property rights to the same extent as laws in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in foreign jurisdictions. If we encounter such difficulties or we are otherwise precluded from effectively protecting our intellectual property rights in foreign jurisdictions, our business prospects could be substantially harmed; and
15. we may not develop additional proprietary technologies that are patentable.

Any of these factors could hurt our ability to gain full patent protection for our products. Registered trademarks and trademark applications in the United States and other countries are subject to similar risks as described above for patents and patent applications, in addition to the risks described below.

Many of our product development partnership agreements are complex and may call for licensing or cross-licensing of potentially blocking patents, know-how or intellectual property. Due to the potential overlap of data, know-how and intellectual property rights there can be no assurance that one of our collaborators will not dispute our right to use, license or distribute data, know-how or other intellectual property rights, and this may potentially lead to disputes, liability or termination of a program. There are no assurances that our actions or the actions of our collaborators would not lead to disputes or cause us to default with other collaborators. For example, we may become involved in disputes with our collaborators relating to the ownership of intellectual property developed in the course of the partnership. We also cannot be certain that a collaborator will not challenge the validity or enforceability of the patents we license.

We cannot be certain that any country's patent and/or trademark office will not implement new rules which could seriously affect how we draft, file, prosecute and/or maintain patents, trademarks and patent and trademark applications. We cannot be certain that increasing costs for drafting, filing, prosecuting and maintaining patents, trademarks and patent and trademark applications will not restrict our ability to file for patent protection. For example, we may elect not to seek patent protection in certain jurisdictions or for certain inventions in order to save costs. We may be forced to abandon or return the rights to specific patents due to a lack of financial resources.

We intend to file applications for trademark registrations in connection with our product candidates in various jurisdictions, including the United States. No assurance can be given that any of our trademark applications will be registered in the United States or elsewhere, or that the use of any registered or unregistered trademarks will confer a competitive advantage in the marketplace. Furthermore, even if we are successful in our trademark registrations, the FDA and regulatory authorities in other countries have their own process for drug nomenclature and their own views concerning appropriate proprietary names. No assurance can be given that the FDA or any other regulatory authority will approve of any of our trademarks or will not request reconsideration of one of our trademarks at some time in the future. The loss, abandonment, or cancellation of any of our trademarks or trademark applications could negatively affect the success of the product candidates to which they relate.

We have in-licensed, and may in the future in-license, a portion of our intellectual property, and, if we fail to comply with our obligations under these arrangements, we could lose such intellectual property rights or owe damages to the licensor of such intellectual property.

We currently rely, and may in the future rely, on certain intellectual property rights licensed from third parties to protect our technology and certain product candidates, and we may enter into additional license agreements in the future. As part of our discovery and development activities, we routinely evaluate in-licenses from academic and research institutions. We have sublicensed certain intellectual property rights related to our CD3 bispecific technology from a third party. We also license certain rights to the underlying cell lines for all our product candidates from third parties. Under these licenses, we have no right to control patent prosecution of the intellectual property or to enforce the patents, and as such the licensed rights may not be adequately maintained by the licensors. The termination of these or other licenses could also prevent us from commercializing product candidates covered by the licensed intellectual property.

Our existing license agreements impose, and we expect that future license agreements will impose, various diligence, milestone payment, royalty and other obligations on us. If there is any conflict, dispute, disagreement or issue of non-performance between us and our licensing partners regarding our rights or obligations under the license agreements, including any such conflict, dispute or disagreement arising from our failure to satisfy payment obligations under any such

agreement, we may owe damages, our licensor may have a right to terminate the affected license, and our and our partners' ability to utilize the affected intellectual property in our drug discovery and development efforts, and our ability to enter into collaboration or marketing agreements for an affected product or therapeutic candidate, may be adversely affected.

We generally also are subject to all of the same risks with respect to protection of intellectual property that we license, as we are for intellectual property that we own, which are described in this "Risk Factors" section. If we or our licensors fail to adequately protect this intellectual property, our business, results of operations and financial condition could be adversely affected.

We may be required to reduce the scope of our intellectual property due to third-party intellectual property claims.

Our competitors may have filed, and may in the future file, patent applications covering technology similar to ours. Any such patent application may have priority over our patent applications, which could further require us to obtain rights to issued patents covering such technologies. If another party has filed a U.S. patent application on inventions similar to ours that claims priority to an application filed prior to March 16, 2013, we may have to participate in an interference proceeding declared by the PTO to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful if, unbeknownst to us, the other party had independently arrived at the same or similar invention prior to our own invention, resulting in a loss of our U.S. patent position with respect to such inventions. In addition, changes enacted on March 15, 2013 to the U.S. patent laws under the America Invents Act resulted in the United States changing from a "first to invent" country to a "first to file" country. As a result, we may lose the ability to obtain a patent if a third-party files with the PTO first and could become involved in proceedings before the PTO to resolve disputes related to inventorship. We may also become involved in similar proceedings in other jurisdictions.

Furthermore, changes in U.S. patent law under the America Invents Act allows for post-issuance challenges to U.S. patents, including ex parte reexaminations, inter parte reviews and post-grant review. There is significant uncertainty as to how the new laws will be applied and if our U.S. patents are challenged using such procedures, we may not prevail, possibly resulting in altered or diminished claim scope or loss of patent rights altogether. Similarly, some countries, notably members of the European Union, also have post grant opposition proceedings that can result in changes in scope and/or cancellation of patent claims.

Our products could infringe patents and other property rights of others, which may result in costly litigation and, if we are not successful, could cause us to pay substantial damages or limit our ability to commercialize our products, which could have a material adverse effect on our business.

Our commercial success depends upon our ability, and the ability of our collaborators, to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the patents and other proprietary rights of third parties. There is considerable intellectual property litigation in the biotechnology and pharmaceutical industries. For example, we are aware of issued patents owned by Merus B.V. (Merus) that may relate to and claim components of our bispecific antibody product candidates and partnered bispecific product candidates, including plamotamab, vudalimab and XmAb819 will putatively expire in 2033. In August 2024, Merus filed suit against us in the United States District Court of the District of Delaware alleging that we have infringed three of its patents. We maintain that our development of these candidates currently falls into the "safe harbor" of non-infringement under 35 U.S.C. §271(e)(1). This protection, however, would not be available upon commercialization nor can we give assurances on how the Court would rule on this issue. We also believe we have strong defenses to Merus's claims, including defenses of invalidity and/or non-infringement for the Merus patents, but there is no guarantee that we will prevail. If we are found to infringe the Merus patents, we may be ordered by a court to cease commercializing the applicable product candidates, which could materially harm our business. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed the Merus patents.

In addition, as the biopharmaceutical industry expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our products and technology of which we are not aware or that we must challenge to continue our operations as currently contemplated. Our products may infringe or may be alleged to infringe these patents. Because some patent applications in the United States may be maintained in secrecy until the patents are issued, because patent applications in the United States and many foreign jurisdictions are typically not published until eighteen months after filing and because publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patents that may cover our technologies, our product candidates or their use. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in

a manner that could cover our technologies, our products or the use of our products. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future.

If we are sued for patent infringement, we would need to demonstrate that our products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and we may not be able to do this. Proving invalidity is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Even if we are successful in these proceedings, we may incur substantial costs and divert management's time and attention in pursuing these proceedings, which could have a material adverse effect on us.

Any such claims are likely to be expensive to defend, and some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources.

If we are found to infringe a third party's intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our products and technology. We may also elect to enter into such a license in order to settle litigation or in order to resolve disputes prior to litigation. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us and could require us to make substantial royalty payments. We could also be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

If we are not able to prevent disclosure of our trade secrets and other proprietary information, the value of our technology and products could be significantly diminished.

We rely on trade secret protection to protect our interests in proprietary know-how and in processes for which patents are difficult to obtain or enforce. We may not be able to protect our trade secrets adequately. We have a policy of requiring our consultants, advisors, and collaborators to enter into confidentiality agreements and our employees to enter into invention, non-disclosure and non-compete agreements. However, no assurance can be given that we have entered into appropriate agreements with all parties that have had access to our trade secrets, know-how or other proprietary information. There is also no assurance that such agreements will provide for a meaningful protection of our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure of information. Furthermore, we cannot provide assurance that any of our employees, consultants, contract personnel, or collaborators, either accidentally or through willful misconduct, will not cause serious damage to our programs and/or our strategy, for example by disclosing important trade secrets, know-how or proprietary information to our competitors. It is also possible that our trade secrets, know-how or other proprietary information could be obtained by third parties as a result of breaches of our physical or electronic security systems. Any disclosure of confidential data into the public domain or to third parties could allow our competitors to learn our trade secrets and use the information in competition against us. In addition, others may independently discover our trade secrets and proprietary information. Any action to enforce our rights is likely to be time consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable. These risks are accentuated in foreign countries where laws or law enforcement practices may not protect proprietary rights as fully as in the United States or Europe. Any unauthorized disclosure of our trade secrets or proprietary information could harm our competitive position.

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

Depending upon the timing, duration, and specifics of any FDA marketing approval of any therapeutic candidates we may develop, one or more of our owned or licensed U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. Similar extensions as compensation for patent term lost during regulatory review processes are also available in certain foreign countries and territories, such as in Europe under a Supplementary Patent Certificate. However, we may not be granted an extension in the United States and/or foreign countries and territories because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within

applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is shorter than what we request or we fail to choose the most optimal patents to extend, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations and prospects could be materially harmed.

Risks Related to Our Dependence on Third Parties

Our patent protection and prosecution for some of our product candidates is dependent on third parties.

While we normally seek and gain the right to fully prosecute the patents relating to our product candidates, there may be times when patents relating to our product candidates are controlled by our licensors.

We may also have limited control over the maintenance and prosecution of in-licensed patents and patent applications, activities or any other intellectual property that may be related to our in-licensed intellectual property. For example, such activities by these licensors may not have been or may not be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents and other intellectual property rights. Our licensors may not successfully prosecute the patent applications to which we are licensed in a manner consistent with the best interests of our business. We have limited control over the manner in which our licensors initiate an infringement proceeding against a third-party infringer of the intellectual property rights, or defend certain of the intellectual property that is licensed to us. It is possible that the licensors' infringement proceeding or defense activities may be less vigorous than had we conducted them ourselves.

We rely on third-party manufacturers to manufacture our product candidates and provide supplies for our studies. If any of our third-party manufacturers, encounter problems or loss of drug material during production or otherwise fail to comply with their contractual obligations, the development of our product candidates could be delayed or stopped.

The manufacture of biopharmaceutical products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. We and our contract manufacturers must comply with cGMP regulations and guidelines. Manufacturers of biopharmaceutical products often encounter difficulties in production, particularly in scaling up and validating initial production and contamination. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, operator error, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. Furthermore, if microbial, viral or other contaminations are discovered in our products or in the manufacturing facilities in which our products are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

All of our XmAb engineered antibodies are manufactured by starting with cells which are stored in a cell bank. We have one master cell bank for each antibody manufactured in accordance with cGMP and multiple working cell banks and believe we would have adequate backup should any cell bank be lost in a catastrophic event. However, it is possible that we could lose multiple cell banks and have our manufacturing severely impacted by the need to replace the cell banks.

We cannot assure you that any stability or other issues relating to the manufacture of any of our product candidates or products will not occur in the future. Additionally, our manufacturer may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide any product candidates to patients in clinical trials and products to patients, once approved, would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely. Any adverse developments affecting clinical or commercial manufacturing of our product candidates or products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our product candidates or products. We may also have to take inventory write-offs and incur other charges and expenses for product candidates or products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Accordingly, failures or difficulties faced at any level of our supply chain could materially adversely affect our business and delay or impede the development and commercialization of any of our product candidates

or products and could have a material adverse effect on our business, prospects, financial condition and results of operations.

Certain of our third-party manufacturers are located outside the United States, and our ability to continue to receive drug material for our development candidates would be at-risk in the event of instability or geopolitical problems between the United States and the country's where these manufacturers are located. During the last few years, there have also been significant changes to U.S. and other countries' trade policies, export control laws, sanctions, legislation, treaties and tariffs. There is currently significant uncertainty about the future of trade relationships around the world, including potential changes to trade laws and regulations, trade policies, and tariffs. We cannot predict what additional actions may ultimately be taken by the United States or other governments with respect to tariffs or trade relations, what products may be subject to such actions (including subject to U.S. export control restrictions), or what actions may be taken by the other countries in retaliation. As a result of these dynamics, we cannot predict the impact to our relationships with third-party manufacturers or our business of any future changes to the United States' or other countries' trading relationships or the impact of new laws or regulations adopted by the United States or other countries.

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

Because developing biologics products, conducting clinical trials, obtaining regulatory approval, establishing manufacturing capabilities and marketing approved products are expensive, we have entered into partnerships, and may seek to enter into additional partnerships, with companies that have more resources and experience than us, and we may become dependent upon the establishment and successful implementation of partnership agreements.

Our partnership and license agreements include those we have with J&J, Genentech, Vir, Amgen, Incyte, Alexion and others. These partnerships and license agreements also have provided us with important funding for our development programs, and we expect to receive additional funding under these partnerships in the future. Our existing partnerships, and any future partnerships we enter into, may pose a number of risks, including the following:

1. collaborators have significant discretion in determining the efforts and resources that they will apply to these partnerships;
2. such arrangements may include cost-sharing obligations that require us to incur substantial costs in excess of our available resources;
3. collaborators may not pursue development and commercialization of any product candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
4. collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
5. collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours, which may cause collaborators to cease to devote resources to the commercialization of our product candidates;
6. a collaborator with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such product or products;
7. disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
8. while we have generally retained the right to maintain and defend our intellectual property under our agreements with collaborators, certain collaborators may not properly maintain or defend certain of our

intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information;

9. collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
10. collaborators may learn about our technology and use this knowledge to compete with us in the future;
11. results of collaborators' preclinical or clinical studies could produce results that harm or impair other products using our XmAb technology platform;
12. there may be conflicts between different collaborators that could negatively affect those partnerships and potentially others; and
13. the number and type of our partnerships could adversely affect our attractiveness to future collaborators or acquirers.

If our partnerships and license agreements do not result in the successful development and commercialization of products or if one of our collaborators terminates its agreement with us, we may not receive any future research and development funding or milestone or royalty payments under the arrangement. If we do not receive the funding we expect under these arrangements, our continued development of our product candidates could be delayed, and we may need additional resources to develop additional product candidates. All of the risks described in these risk factors relating to product development, regulatory approval and commercialization described in this Annual Report also apply to the activities of our collaborators and there can be no assurance that our partnerships and license agreements will produce positive results or successful products on a timely basis or at all.

Our partnership agreements generally grant our collaborators exclusive rights under certain of our intellectual property and may therefore preclude us from entering into partnerships with others relating to the same or similar compounds, indications or diseases. In addition, partnership agreements may place restrictions or additional obligations on our ability to license additional compounds in different indications, diseases or geographical locations. If we fail to comply with or breach any provision of a partnership agreement, a collaborator may have the right to terminate, in whole or in part, such agreement or to seek damages. Many of our collaborators also have the right to terminate the partnership agreement for convenience. If a partnership agreement is terminated, in whole or in part, we may be unable to continue the development and commercialization of the applicable product candidates, and even if we are able to do so, such efforts may be delayed and result in additional costs.

There is no assurance that a collaborator who is acquired by a third party would not attempt to change certain contract provisions that could negatively affect our partnership. The acquiring company may also not accept the terms or assignment of our contracts and may seek to terminate the agreements. Any one of our partners could breach covenants, restrictions and/or sub-license agreement provisions leading us into disputes and potential breaches of our agreements with other partners.

We may in the future determine to partner with additional pharmaceutical and biotechnology companies for development and potential commercialization of therapeutic products. We face significant competition in seeking appropriate collaborators. Our ability to reach a definitive agreement for a partnership will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed partnership and the proposed collaborator's evaluation of a number of factors. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into partnerships and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market or continue to develop our product platform and our business, prospects, financial condition and results of operations may be materially and adversely affected.

We rely upon third-party contractors, and service providers for the execution of most aspects of our development programs. Failure of these collaborators to provide services of a suitable quality and within acceptable timeframes may cause the delay or failure of our development programs.

We outsource manufacturing, certain functions, testing and services to CROs, medical institutions and collaborators, and we rely on third parties for quality assurance, clinical monitoring, clinical data management and regulatory expertise. We also have engaged, and may in the future engage, a CRO to run all aspects of a clinical trial on our behalf. There is no assurance that such individuals or organizations will be able to provide the functions, tests, biologic

supply or services as agreed upon or in a quality fashion and we could suffer significant delays in the development of our products or processes.

In some cases, there may be only one or few providers of such services, including clinical data management or manufacturing services. In addition, the cost of such services could be significantly increased over time. We rely on third parties and collaborators as mentioned above to enroll qualified patients and conduct, supervise and monitor our clinical trials. Our reliance on these third parties and collaborators for clinical development activities reduces our control over these activities. Our reliance on these parties, however, does not relieve us of our regulatory responsibilities, including ensuring that our clinical trials are conducted in accordance with GCP regulations and the investigational plan and protocols contained in the regulatory agency applications. In addition, these third parties may not complete activities on schedule or may not manufacture under GMP conditions. Preclinical or clinical studies may not be performed or completed in accordance with Good Laboratory Practices (GLP) regulatory requirements or our trial design. If these third parties or collaborators do not successfully carry out their contractual duties or meet expected deadlines, obtaining regulatory approval for manufacturing and commercialization of our product candidates may be delayed or prevented. We rely substantially on third-party data managers for our clinical trial data. There is no assurance that these third parties will not make errors in the design, management or retention of our data or data systems. There is no assurance these third parties will pass FDA or regulatory audits, which could delay or prohibit regulatory approval.

We rely on third parties to manufacture supplies of our preclinical and clinical product candidates. The development of such candidates could be stopped or delayed if any such third party fails to provide us with sufficient quantities of product or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance.

We do not currently have nor do we plan to acquire the infrastructure or capability internally to manufacture our clinical drug supplies for use in the conduct of our clinical trials, and we lack the resources and the capability to manufacture any clinical candidates on a clinical scale. Instead, we rely on our third-party manufacturing partners to manufacture our clinical drug supply. Any of our contract manufacturers may not perform as agreed, may be unable to comply with cGMP requirements and with FDA, state and foreign regulatory requirements or may terminate their respective agreements with us.

In addition, manufacturers are subject to ongoing periodic unannounced inspection by the FDA and other governmental authorities to ensure strict compliance with government regulations. We do not control the manufacturing processes of our third-party manufacturing partners, which include, among other things, quality control, quality assurance and the maintenance of records and documentation. If we were to experience an unexpected loss of supply, we could experience delays in our planned clinical trials as our third-party manufacturing partner would need to manufacture additional clinical drug supply and would need sufficient lead time to schedule a manufacturing slot. While there are other potential suppliers of clinical supplies of our biologics, the long transition periods necessary to switch manufacturers for any of our clinical drug supply would significantly delay our clinical trials and the commercialization of such products, if approved.

Risks Related to Our Industry

Clinical trials are expensive and take years to conduct, the outcome of such clinical trials is uncertain and results of earlier studies and trials may not be predictive of future trial results. Clinical trials may fail to prove our product candidates are safe and effective.

Each product candidate must receive regulatory approval and therefore must undergo rigorous and extensive preclinical studies and clinical trials to demonstrate safety and efficacy in patients. Clinical trials at any stage in development may fail to demonstrate the safety, efficacy or pharmacologic properties needed to be a viable product candidate in patients. Early clinical trials are expensive and can take many years to complete and may fail to demonstrate the safety and pharmacokinetic characteristics needed to invest in larger later stage clinical studies. Alternatively, success in preclinical testing and early clinical trials does not ensure that later clinical trials will generate the same results or otherwise provide adequate data to demonstrate the safety and effectiveness of a product candidate . Later clinical studies that are larger may not demonstrate the desired safety and efficacy profile needed to be of benefit to patients. Additionally, regulatory authorities may determine that the data provided is not sufficient to grant marketing approval for our product candidates and may request additional data including additional clinical trials or reject product approval.

Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials and abandon product candidates.

Conducting early clinical trials is complex and the outcomes are uncertain. Preclinical studies are performed to help inform human clinical trials, but human and animal studies are not comparable. Expected or unexpected undesirable side effects caused by our product candidates could result in the delay, suspension or termination of clinical trials by us, our collaborators, the FDA or other regulatory authorities for a number of reasons. If we elect or are required to delay, suspend or terminate any clinical trial of any product candidates that we develop, the commercial prospects of such product candidates will be harmed and our ability to generate product revenues from any of these product candidates will be delayed or eliminated. If our product candidates are associated with adverse events in clinical trials or have side effects or other characteristics that are serious or unexpected, we may need to abandon their development or limit development to more narrow uses in which the adverse events, side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. We may also be required to modify our trial plans based on findings in our ongoing clinical trials. The FDA may also require that we conduct additional studies regarding the safety and efficacy of our product candidates which we have not planned or anticipated. Such findings could further result in regulatory authorities failing to provide marketing authorization for our product candidates or limiting the scope of the approved indication, if approved. Many product candidates that initially showed promise in early stage testing have later been found to cause side effects that prevented further development of such product candidates.

Treatment-related side effects could also affect subject recruitment or the ability of enrolled subjects to complete the trial or result in potential product liability claims. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff. Furthermore, we may be required to expend time and incur costs to train medical personnel using our product candidates to understand the side effect profiles for our clinical trials and upon any commercialization of any of our product candidates. There can be no assurance that we will resolve any issues related to any product-related adverse events to the satisfaction of the FDA or comparable foreign regulatory authorities in a timely manner or at all. Serious adverse events observed in clinical trials could hinder or prevent market acceptance of the product candidate at issue. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside the United States. In addition, some of our competitors have ongoing clinical trials for product candidates that treat the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates.

Our inability to enroll a sufficient number of patients for any of our clinical trials could result in significant delays and could require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may result in increased development costs for our product candidates and in delays to commercially launching our product candidates, if approved, which would cause the value of our company to decline and limit our ability to obtain additional financing.

Delays in the commencement or completion of clinical trials could result in increased costs to us and delay our ability to establish strategic collaborations.

Delays in the commencement or completion of clinical trials could significantly impact our drug development costs. We do not know whether planned clinical trials will begin on time or be completed on schedule, if at all. The commencement of clinical trials can be delayed for a variety of reasons, including, but not limited to, delays related to:

- obtaining regulatory approval to commence one or more clinical trials;
- reaching agreement on acceptable terms with prospective CROs and clinical trial sites;
- manufacturing sufficient quantities of a drug candidate or other materials necessary to conduct clinical trials, as well as receiving the supplies and materials needed to conduct our clinical trials, including interruptions in global shipping that may affect the transport of clinical materials;
- obtaining institutional review Board of Directors approval to conduct one or more clinical trials at a prospective site;

- recruiting and enrolling patients to participate in one or more clinical trials, especially as patients may be reluctant or unable to visit clinical sites, or may delay seeking treatment for chronic conditions;
- the failure of our collaborators to adequately resource our drug candidates due to their focus on other programs or as a result of general market conditions;
- recruiting clinical site investigators, clinical site staff and potential closure or defunding of clinical facilities; and
- changes in regulations, which may require us to change the ways in which our clinical trials are conducted.

In addition, once a clinical trial has begun, it may be suspended or terminated by us, our collaborators, the institutional review boards or data safety monitoring boards charged with overseeing our clinical trials, the FDA, EMA or comparable foreign authorities due to a number of factors, including:

- failure to conduct the clinical trial in accordance with regulatory requirements or clinical protocols;
- inspection of the clinical trial operations or clinical trial site by the FDA, EMA or comparable foreign authorities resulting in the imposition of a clinical hold;
- unforeseen safety issues; or
- lack of adequate funding to continue the clinical trial.

If we experience delays in the completion or termination of any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to commence product sales and generate product revenues from any of our product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs and slow down our product candidate development and approval process. Delays in completing our clinical trials could also allow our competitors to obtain marketing approval before we do or shorten the patent protection period during which we may have the exclusive right to commercialize our product candidates. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Our industry is subject to competition for skilled personnel and the challenges we face to identify and retain key personnel could impair our ability to effectively conduct and grow our operations.

Attracting and retaining the highly qualified management, scientific and medical personnel necessary for us to successfully implement our business strategy is extremely competitive in the biotechnology industry. Our industry is experiencing an increasing rate of competition in hiring and retaining employees and in turnover of management personnel. We depend heavily on our current management team, whose services are critical to the successful implementation of our product candidate development and regulatory strategies. In order to induce valuable employees to continue their employment with us, we have provided equity incentives that vest over time. The value to employees of this equity is significantly affected by movements in our stock price that are beyond our control and may at any time be insufficient to counteract more lucrative offers from other companies.

Despite our efforts to retain valuable employees, members of our management team may terminate their employment with us at any time, with or without notice. Further, we do not maintain “key person” insurance for any of our executives or other employees. The loss of the services of any of our executive officers and our inability to find suitable replacements could harm our business, financial condition, prospects and ability to achieve the successful development or commercialization of our product candidates. Our success also depends on our ability to continue to attract, retain and motivate highly skilled scientific and medical personnel at all levels.

Since 2016 we have been increasing the number of our employees and expanding the scope of our operations with a goal of advancing multiple clinical candidates into development. The increase in our number of employees places a significant strain on our management, operations, and financial resources, and we may have difficulty managing this growth. As we continue to grow our operations and advance our clinical programs into later stages of development, it will require us to recruit and retain employees with additional knowledge and skill sets and no assurance can be provided that we will be able to attract employees with the necessary skill set to assist in our growth. Many of the other biotechnology and pharmaceutical companies and academic institutions that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. We also may employ consultants or part-time and contract employees. There can be no assurance that these individuals are retainable. While we

have been able to attract and retain skilled and experienced personnel and consultants in the past, no assurance can be given that we will be able to do so in the future.

The development and commercialization of biologic products is subject to extensive regulation, and we may not obtain regulatory approvals for any of our product candidates.

The clinical development, manufacturing, labeling, packaging, storage, recordkeeping, advertising, promotion, export, import, marketing and distribution and other possible activities relating to our current lead antibody product candidates, as well as any other antibody product candidate that we may develop in the future, are subject to extensive regulation in the United States and outside the U.S. as biologics.

If we experience delays in obtaining approval, or if we fail to obtain approval of our product candidates, the commercial prospects for our product candidates may be harmed and our ability to generate revenues will be materially impaired which would adversely affect our business, prospects, financial condition and results of operations.

We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.

The biotechnology and pharmaceutical industries are intensely competitive. We have competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies, universities and other research institutions. Many of our competitors have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations and well-established sales forces. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring or licensing on an exclusive basis, drug products that are more effective or less costly than any product candidate that we are currently developing or that we may develop.

Competition in autoimmune disease and cancer drug development is intense, with hundreds of compounds in clinical trials by large multinational pharmaceutical companies. In addition, many currently marketed drugs are undergoing clinical testing in new indications in order to expand their use to new patient populations. Other companies, including many large international companies, are developing bispecific antibody technologies and checkpoint inhibitors. This includes products in preclinical and clinical development. Some of these agents have received marketing approval, and companies continue to conduct clinical trials to expand their currently approved indications. Alternative technologies, such as standard chemotherapy, cellular therapies and cancer vaccines, may also compete with our products for patients to conduct clinical trials and future potential market share.

Our ability to compete successfully will depend largely on our ability to leverage our experience in drug discovery and development to:

1. discover and develop products that are superior to other products in the market;
2. attract qualified scientific, product development and commercial personnel;
3. obtain and maintain patent and/or other proprietary protection for our products and technologies;
4. obtain required regulatory approvals; and
5. successfully collaborate with pharmaceutical companies in the discovery, development and commercialization of new products.

Established biopharmaceutical companies may invest heavily to accelerate discovery and development of products that could make our product candidates less competitive. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. Accordingly, our competitors may succeed in obtaining patent protection, receiving FDA approval or discovering, developing and commercializing medicines before we do, which would have a material adverse impact on our business. We will not be able to successfully commercialize our product candidates without establishing sales and marketing capabilities internally or through collaborators.

Our current and future relationships with healthcare professionals, principal investigators, consultants, customers and third-party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback,

fraud and abuse, false claims, physician payment transparency, health information privacy and security and other healthcare laws and regulations, which could expose us to penalties.

Healthcare providers, physicians and third-party payors in the United States and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers and third-party payors may require us to comply with broadly applicable fraud and abuse and other healthcare laws, including, without limitation, the federal Anti-Kickback Statute and the federal civil False Claims Act, that may constrain the business or financial arrangements and relationships through which we sell, market and distribute any product candidates for which we obtain marketing approval. In addition, we may be subject to physician payment transparency laws and patient privacy and security regulation by the federal government and by the states and foreign jurisdictions in which we conduct our business.

Efforts to ensure that our future business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment, disgorgement, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, additional reporting requirements and/or oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations, as well as reputational harm, which could significantly harm our business.

Present and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. Healthcare reform measures, if approved, may result in more rigorous coverage criteria and lower reimbursement, and in additional downward pressure on the price that may be charged for any of our product candidates.

Even if we are able to commercialize any product candidates, our product candidates may be subject to unfavorable pricing regulations, third-party coverage and reimbursement policies or healthcare reform initiatives.

Our ability to commercialize any product candidates successfully will depend, in part, on the extent to which coverage and adequate reimbursement for our product candidates will be available from government payor programs at the federal and state levels, including Medicare and Medicaid, private health insurers, managed care plans and other third-party payors. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize any product candidates for which marketing approval is obtained.

The regulations that govern marketing approvals, pricing, coverage and reimbursement for new drugs and biological products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a product before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues able to be generated from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidates obtain marketing approval.

There can be no assurance that our product candidates, if they are approved for sale in the United States or in other countries, will be considered medically reasonable and necessary for a specific indication, that they will be considered cost-effective by third-party payors, that coverage or an adequate level of reimbursement will be available, or that third-party payors' reimbursement policies will not adversely affect our ability to sell our product candidates profitably if they are approved for sale.

Our business involves the controlled use of hazardous materials and as such we are subject to environmental and occupational safety laws. Continued compliance with these laws may incur substantial costs and failure to maintain compliance could result in liability for damages that may exceed our resources.

Our research, manufacturing and development processes, and those of our third-party contractors and partners, involve the controlled use of hazardous materials. We and our manufacturers are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. The risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result, and any such liability could exceed our resources. We are not insured against this type of liability. We may be required to incur significant costs to comply with environmental laws and regulations in the future, and our operations, business or assets may be materially adversely affected by current or future environmental laws or regulations or any liability thereunder.

We may become subject to the risk of product liability claims.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk if we or our partners commercialize any products. Human therapeutic products involve the risk of product liability claims and associated adverse publicity. Currently, the principal risks we face relate to patients in our clinical trials, who may suffer unintended consequences. Claims might be made by patients, healthcare providers or pharmaceutical companies or others. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during clinical testing, manufacturing, marketing, or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates, if approved. Even successful defense would require significant financial and management resources.

General Risk Factors

Our intellectual property may be infringed upon by a third party.

Third parties may infringe one or more of our issued patents or trademarks. We cannot predict if, when or where a third party may infringe one or more of our issued patents or trademarks. To counter infringement, we may be required to file infringement claims, which can be expensive and time consuming. There is no assurance that we would be successful in a court of law in proving that a third party is infringing one or more of our issued patents or trademarks. Any claims we assert against perceived infringers could also provoke these parties to assert counterclaims against us, alleging that we infringe their intellectual property. In addition, in a patent infringement proceeding, a court may decide that a patent of ours is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly and/or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question, any of which may adversely affect our business. Even if we are successful in proving in a court of law that a third party is infringing one or more of our issued patents or trademarks there can be no assurance that we would be successful in halting their infringing activities, for example, through a permanent injunction, or that we would be fully or even partially financially compensated for any harm to our business. We may be forced to enter into a license or other agreement with the infringing third party at terms less profitable or otherwise commercially acceptable to us than if the license or agreement were negotiated under conditions between those of a willing licensee and a willing licensor. We may not become aware of a third-party infringer within legal timeframes for compensation or at all, thereby possibly losing the ability to be compensated for any harm to our business. Such a third party may be operating in a foreign country where the infringer is difficult to locate and/or the intellectual property laws may be more difficult to enforce. Some third-party infringers may be able to sustain the costs of complex infringement litigation more effectively than we can because they have substantially greater resources. Any inability to stop third-party infringement could result in loss in market share of some of our products or even lead to a delay, reduction and/or inhibition of the development, manufacture or, sale of certain products by us. There is no assurance that a product produced and sold by a third-party infringer would meet our or other regulatory standards or would be safe for use. Such third-party infringer products could irreparably harm the reputation of our products thereby resulting in substantial loss in market share and profits.

We may not have or be able to obtain or maintain sufficient and affordable insurance coverage to cover product liability claims, and without sufficient coverage any claim brought against us could have a materially adverse effect on our

business, financial condition or results of operations. We run clinical trials through investigators that could be negligent through no fault of our own and which could affect patients, cause potential liability claims against us and result in delayed or stopped clinical trials. We are required by contractual obligations to indemnify collaborators, partners, third-party contractors, clinical investigators, and institutions. These indemnifications could result in a material impact due to product liability claims against us and/or these groups. We currently carry at least $10.0 million in product liability insurance, which we believe is appropriate for our current clinical trials. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. We may also need to expand our insurance coverage as our business grows or if any of our product candidates is commercialized. We may not be able to maintain or increase insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of our employees' former employers.

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

Our business could be negatively impacted by cybersecurity threats and other disruptions, including the theft of our intellectual property, and could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

We and our third-party vendors and suppliers are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we use our data centers and our networks to store and access confidential and proprietary business information. The information includes, among other things, our intellectual property and proprietary information, the confidential information of our collaborators and licensees and the personal data of our employees, and the individually identified health information of patients participating in our clinical trials. It is important to our operations and business strategy that this electronic information remains secure and is perceived to be secure. The size and complexity of our information technology systems, and those of our partners and third-party vendors with whom we contract together with the volume of data we retain, make such systems potentially vulnerable to breakdown, malicious intrusion, security breaches and other cybersecurity attacks.

Information security risks have significantly increased in recent years in part due to the proliferation of new technologies and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. We face various cybersecurity threats, including cybersecurity attacks to our information technology infrastructure and attempts by others to gain access to our proprietary or sensitive information. Our technology systems and those of our current partners and third-party vendors are vulnerable to attack, damage and interruption from computer viruses and malware (e.g. ransomware), malicious code, cybersecurity threats (such as denial or degradation-of-service attacks, cyber-attacks or cyber-intrusions over the Internet, hacking, phishing and other social engineering attacks), unauthorized access or use, natural disasters, terrorism, war and telecommunication and electrical failures, employee theft or misuse, human error, fraud, and sophisticated nation-state and nation-state-supported actors. A security breach or privacy violation that leads to disclosure or modification of or prevents access to personal data or other protected information could harm our reputation, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, require us to verify the correctness of database contents and otherwise subject us to liability under laws and regulations that protect personal data, resulting in increased costs or loss of revenue. Similarly, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Moreover, a security breach that exposes our confidential intellectual property could compromise our patent portfolio. Additionally, theft of our intellectual property or proprietary business information could require substantial expenditures to

remedy. If we are unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures, our operations could be disrupted, and we may suffer loss of reputation, financial loss and other regulatory penalties because of lost or misappropriated information. In addition, these breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. Moreover, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information, trade secrets or other intellectual property. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

The procedures and controls we use to monitor these threats and mitigate our exposure may not be sufficient to prevent cybersecurity incidents. The result of these incidents could have a material adverse effect on our business, financial condition and results of operations including disrupted operations, lost opportunities, misstated financial data, liability for stolen assets or information, increased costs arising from the implementation of additional security protective measures, litigation and reputational damage. Any remedial costs or other liabilities related to cybersecurity incidents may not be fully insured or indemnified by other means.

The increasing use of social media platforms presents new risks and challenges.

Social media is increasingly being used to communicate about our products, technologies and programs, and the diseases our product or product candidates are designed to treat. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear. This evolution creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a product or to report an alleged adverse event. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable adverse event reporting obligations or we may not be able to defend ourselves or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our product or product candidates. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on any social networking website. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face overly restrictive regulatory actions or incur other harm to our business.

Compliance with global privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally, and the failure to comply with such requirements could have a material adverse effect on our business, financial condition or results of operations.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every jurisdiction in which we operate has established its own data security and privacy frameworks with which we must comply. Depending on our activities and operations we may be subject to privacy laws in other jurisdictions. For example, the collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the European Union (the EU) including personal health data, is subject to the EU General Data Protection Regulation (GDPR) which took effect across all member states of the European Economic Area (EEA) in May 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing health and other sensitive data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. In addition, the GDPR imposes strict rules on the transfer of personal data to countries outside the EU, which includes the United States and, as a result, increases the scrutiny that clinical trial sites located in the EEA should apply to transfers of personal data from such sites to countries that are considered to lack an adequate level of data protection, such as the United States. The GDPR also permits data protection authorities to require destruction of improperly gathered or used personal data and/or impose substantial fines for violations of the GDPR, which can be up to 4% of global revenues or €20 million, whichever is greater, and it also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. In addition, the GDPR provides that EU member states may make their own additional laws and regulations limiting the processing of personal data, including genetic, biometric or health data.

The European Data Protection Board continues to release guidelines for industries and impose fines related to the GDPR, some of which have been very significant. To improve coordination among EU supervisory authorities, the European Commission has proposed a new regulation that would help to streamline enforcement of the GDPR in cross-

border cases. Meanwhile, there continues to be persistent uncertainty relating to the transfer of personal data from Europe to the U.S., or other non-adequate countries, following the Schrems II decision. On July 10, 2023, the European Commission adopted its adequacy decision on the EU-U.S. Data Privacy Framework (DPF). The decision, which took effect on the day of its adoption, concludes that the United States ensures an adequate level of protection for personal data transferred from the EEA to companies certified to DPF. However, it remains too soon to tell how the future of DPF will evolve and what impact it will have on our international activities. At least one challenge to the DPF is pending before the Court of Justice of the European Union.

Further, Brexit has led and could also lead to legislative and regulatory changes that may increase our compliance costs. As of January 1, 2021 and the expiry of transitional arrangements agreed to between the UK and the EU, data processing in the UK is governed by a UK version of the GDPR (combining the GDPR and the Data Protection Act 2018), exposing us to two parallel regimes, each of which authorizes similar fines and other potentially divergent enforcement actions for certain violations. On June 28, 2021, the European Commission adopted an Adequacy Decision for the UK, allowing for the relatively free exchange of personal data between the EU and the UK (as the UK correspondingly allows transfers back to the EU). However, the European Commission may suspend the Adequacy Decision if it considers that the UK no longer provides for an adequate level of data protection. A bill to amend the existing UK framework has been reintroduced (in a different form) by the new UK Government and was announced as a bill which will be introduced into Parliament at the King's Speech on July 17, 2024. At this time, there is no specific clarity on the provisions of the bill, or the extent to which it will amend the UK framework, beyond general descriptions on its intended purpose.

Similar actions are either in place or under way in the United States. There are a broad variety of data protection and breach notification laws that are applicable to our activities, and a wide range of enforcement agencies at both the state and federal levels that can review companies for privacy and data security concerns based on general consumer protection laws. Each of these laws is subject to varying interpretations and the legislative landscape is constantly evolving and the Federal Trade Commission (FTC) and state Attorneys General all are aggressive in reviewing privacy and data security protections for consumers. At the federal level, for example, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which establishes privacy and security standards that limit the use and disclosure of individually identifiable health information, or protected health information, and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and availability of electronic protected health information. We may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA. Depending on the facts and circumstances, we could be subject to civil, criminal, and administrative penalties if we knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA. Requirements for compliance under HIPAA are also subject to change, as the U.S. Department of Health and Human Services Office of Civil Rights issued a proposed rule that would amend certain security compliance requirements for covered entities and business associates. Even when HIPAA does not apply, according to the FTC, failing to take appropriate steps to keep consumers' personal data secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. In 2024, the FTC finalized updates to the Health Breach Notification Rule that, among other things, clarified its applicability to health apps and other similar technologies and expanded the information the breach notification requirements for entities subject to the rule which may add additional complexity to compliance obligations going forward.

Additionally, new laws also are being considered at both the state and federal levels and several states have passed comprehensive privacy laws. For example, the California Consumer Privacy Act (CCPA), which went into effect on January 1, 2020, and as was later amended and expanded, is creating similar risks and obligations as those created by the GDPR, though the CCPA does exempt certain clinical trial data. The CCPA may increase our compliance costs and potential liability, and we cannot yet predict the impact of the CCPA on our business. Similar laws passed in various other states such as Virginia, Colorado, Connecticut, New Jersey and Texas, with effective dates through 2026. Some state laws also minimize what data can be collected from consumers and how businesses may use and disclose it. These state privacy laws also require businesses to make disclosures to consumers about data collection, use and sharing practices. In addition, some of these laws (including the CCPA), along with other standalone health privacy laws, subject health-related information to additional safeguards and disclosures and some specifically regulate consumer health data, such as the Washington My Health My Data Act, which became effective in 2023 and 2024, Nevada's Consumer Health Data Privacy Law, which became effective in 2024, and Connecticut's amendments to its privacy law to address health data, which became effective in 2023. Additionally, a broad range of legislative measures also have been introduced at the federal

level. Accordingly, failure to comply with federal and state laws (both those currently in effect and future legislation) regarding privacy and security of personal data could expose us to fines and penalties under such laws. There also is the threat of consumer class actions related to these laws and the overall protection of personal data.

Our employees and personnel use generative artificial intelligence, or AI, technologies to perform their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages.

Given the breadth and depth of changes in data protection obligations, preparing for and complying with these requirements is rigorous and time intensive and requires significant resources and a review of our technologies, systems and practices, as well as those of any third-party collaborators, service providers, CROs, contractors or consultants that process or transfer personal data collected in the EU. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal data from our clinical trials, and access to certain data such as the European Health Data Space Regulation, could require us to change our business practices and put in place additional compliance mechanisms, may interrupt or delay our development, regulatory and commercialization activities and increase our cost of doing business, and could lead to government enforcement actions, private litigation and significant fines and penalties against us and could have a material adverse effect on our business, financial condition or results of operations. Similarly, failure to comply with federal and state laws regarding privacy and security of personal data could expose us to fines and penalties under such laws. Even if we are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which could harm our reputation and our business.

We may be vulnerable to disruption, damage and financial obligation as a result of system failures.

Despite the implementation of security measures, any of the internal computer systems belonging to us, our collaborators or our third-party service providers are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruptions in our own, in collaborators' or in third-party service vendors' operations could result in a material disruption of our drug discovery and development programs. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our or our partners' regulatory approval efforts and significantly increase our costs in order to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liability as a result, our drug discovery programs and competitive position may be adversely affected and the further development of our product candidates may be delayed. Furthermore, we may incur additional costs to remedy the damages caused by these disruptions or security breaches.

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

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

In addition, during the course of our operations our directors, executives, and employees may have access to material, nonpublic information regarding our business, our results of operations, or potential transactions we are considering. We may not be able to prevent a director, executive, or employee from trading in our common stock on the basis of, or while having access to, material, nonpublic information. If a director, executive, or employee was to be investigated or an action was to be brought against a director, executive, or employee for insider trading, it could have a negative impact on our reputation and our stock price. Such a claim, with or without merit, could also result in substantial expenditures of time and money, and divert attention of our management team from other tasks important to the success of our business.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Our Board of Directors, in coordination with the Audit Committee of the Board of Directors (the Audit Committee), is responsible for overseeing our risk management and information technology programs of which cybersecurity is a critical element. Management is responsible for the administration of our cybersecurity policies, standards, procedures and practices. Our cybersecurity policies, standards, procedures, and practices are based on the Center for Internet Security (CIS) Critical Security Controls, a framework for companies to establish and evaluate cybersecurity policies, procedures and practices. We seek to address material cybersecurity threats through a company-wide approach that addresses the confidentiality, integrity, and availability of our information systems or the information that we collect and store, by assessing, identifying and managing cybersecurity issues as they arise.

Cybersecurity Risk Management and Strategy

Our cybersecurity risk management strategy focuses on several issues:

Identification and Reporting: We have implemented a comprehensive approach to assessing, identifying and managing material cybersecurity threats and incidents. Our program includes controls and procedures to timely identify, classify and escalate certain cybersecurity incidents to provide management visibility and allow for direction from management as to the public disclosure and reporting of material incidents in a timely manner.

Technical Safeguards: We implement current information technologies to support our cybersecurity practices. These technologies are designed to protect our information systems from cybersecurity threats and include email and internet protection, firewall and network security, intrusion detection and prevention systems, anti-malware endpoint detection and response, security event monitoring and alerting, high availability and replication, system configuration and asset management, backup and restoration processes, vulnerability and patch management, identity and access management and data encryption. These technologies and controls are continuously evaluated and improved through vulnerability assessments and cybersecurity threat intelligence, as well as audits by third-party specialists and certifications.

Incident Response and Recovery Planning: We have established and maintain a comprehensive incident response plan, designed to address our response to a cybersecurity incident. Our cross-functional members comprise the incident response team to respond and disclose material incidents. The incident response plan defines pre-incident activities and preparation, classification of incidents, response team internal and external contacts, process flow of the response team, escalation of incidents to outside entities and law enforcement and frequency of review of the incident response plan. We conduct regular tabletop exercises (i.e., discussion-based simulations) to test these plans and ensure personnel are familiar with their roles in a response scenario.

Third-Party Risk Management: We maintain a comprehensive, risk-based approach to identifying and overseeing material cybersecurity threats presented by third parties, including vendors, service providers, contractors, consultants and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a material cybersecurity incident affecting those third-party systems, including any outside auditors or consultants who advise on our cybersecurity systems. Third parties are regularly assessed to determine the need for cybersecurity auditing based on risk evaluation.

Education and Awareness: We provide regular, mandatory training and assessment for all levels of employees regarding cybersecurity threats as a means to equip our employees with effective tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes, and practices.

We conduct periodic assessment and testing of our policies, standards, processes, and practices including audits by independent third-party specialists in a manner intended to address cybersecurity threats and events. Policies are reviewed and revised on a frequent basis for relevance and to maintain compliance. The results of such assessments, audits, and reviews are evaluated by management and reported to the Audit Committee, and we adjust our cybersecurity policies, standards, processes, and practices as necessary based on the information provided by these assessments, audits, and reviews.

Governance

The Board, in coordination with the Audit Committee, oversees our risk management and information technology programs, including the management of cybersecurity threats. The Audit Committee receives regular presentations and reports on developments in the cybersecurity space, including risk management practices, recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends, and information security issues encountered by our peers and third parties. The Audit Committee also receives prompt and timely information regarding any cybersecurity risk that meets pre-established reporting thresholds, as well as ongoing updates regarding any such risk. On an annual basis, the Audit Committee discusses our approach to overseeing cybersecurity threats with our head of Information Technology (IT) and other members of senior management.

Xencor's head of IT has 33 years of experience and has managed information technology in complex environments for 20 years. In coordination with senior management, including the CFO, the head of IT works collaboratively across the Company to implement a program designed to protect our information systems from cybersecurity threats and to promptly respond to any material cybersecurity incidents in accordance with our incident response and recovery plans. Cross-functional teams throughout the Company address cybersecurity threats and respond to cybersecurity incidents support the success of our cybersecurity program. Ongoing communications with these teams are designed to keep the head of IT and senior management informed about the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time, and report such threats and incidents to the Audit Committee when appropriate.

Material Effects of Cybersecurity Incidents

Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected and are not reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition.

Item 2. Properties.

Our principal laboratory and administrative facilities are currently located in Pasadena, California, which is located in the greater Los Angeles region. We currently lease 83,083 square feet of laboratory and office space in Pasadena, California (the initial lease). The lease became effective on August 1, 2022 and is for a term of 13 years. An additional 46,460 square feet of space adjacent to the existing space, is subject to a lease that begins on July 1, 2025 (the second lease). The second lease is for a term of 10 years and expires at the same time as the initial lease.

We also continue to lease 24,000 square feet of office and lab at our previous facility in Monrovia, California pursuant to a lease that expires December 31, 2025.

In August 2023, we entered into a lease for 9,400 square feet of office space in San Diego, California. The term of the lease agreement began in September 2023 and expires in December 2027.

We believe that our existing facilities are adequate to meet our current and future needs.

Item 3. Legal Proceedings.

We are currently a party to an action initiated by Merus N.V. (Merus) in the District of Delaware alleging that our manufacture, use, offer for sale, sale, and/or importation of common light chain antibodies and heterodimeric antibodies

infringes certain claims of three Merus patents. Merus filed its complaint against us on August 5, 2024. Merus asserted claims of U.S. Patent Nos. 9,944,695, 9,358,286 and 11,926,859 (collectively, the Asserted Patents). Merus seeks a judgment of patent infringement, an order enjoining us from infringing the Asserted Patents, a damages award (together with interest), a declaration of willful infringement, and a finding that this case is exceptional. On October 10, 2024, we filed a motion to dismiss the Merus complaint with prejudice under Rule 12(b)(6), in which we argued that all of the activities accused of infringement are covered by the 35 U.S.C.§ 271(e)(1) safe harbor. Merus filed its response to our motion on October 31, 2024, and we replied to Merus' response on November 14, 2024. Both Merus and we requested a hearing for the motion to dismiss. On February 11, 2025, we filed for *inter partes* review of Merus' U.S. Patent Nos. 9,358,286 and 11,926,859 before the U.S. Patent and Trademark Appeal Board seeking a finding that certain claims of those patents are unpatentable. We believe we have strong defenses to Merus' claims, including defenses of invalidity and/or non-infringement, but there is no guarantee that we will prevail.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock began trading on The Nasdaq Global Market on December 3, 2013 under the symbol "XNCR." Prior to such time, there was no public market for our common stock. On February 14, 2025, the closing price for our common stock as reported on the Nasdaq Global Market was $16.31.

Holders of Record

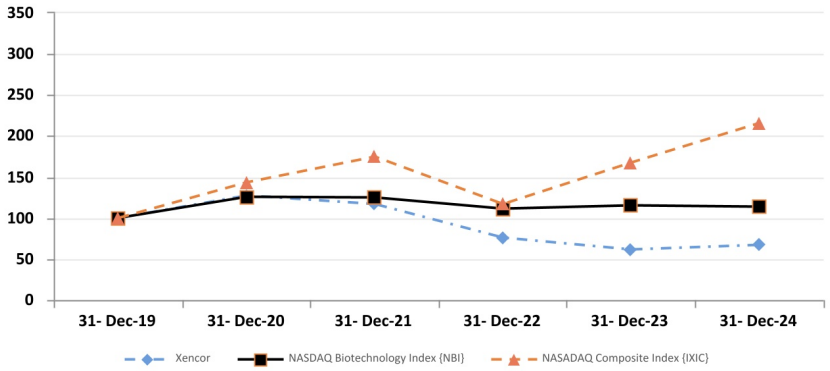
As of February 14, 2025, we had 70,461,934 shares of common stock outstanding held by approximately 166 stockholders of record. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. We do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our Board of Directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, contractual restrictions, business prospects and other factors our Board of Directors may deem relevant.

Performance Graph

The following graph shows a comparison from December 31, 2019 through December 31, 2024 of the cumulative total return for our common stock, the Nasdaq Biotechnology Index (NBI) and the Nasdaq Composite Index (CCMP). The graph assumes an initial investment of $100 on December 31, 2019 and assumes reinvestment of the full amount of all dividends, if any. The comparisons in the graph are not intended to forecast or be indicative of possible future performance of our common stock.



The performance graph shall not be deemed to be incorporated by reference by means of any general statement incorporating by reference this Form 10-K into any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that we specifically incorporate such information by reference, and shall not otherwise be deemed filed under such acts.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis together with our financial statements and related notes included elsewhere in this Annual Report. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those expressed or implied in any forward-looking statements as a result of various factors, including those set forth under the caption "Risk Factors" in Item 1A, and other documents we file with the Securities and Exchange Commission. Historical results are not necessarily indicative of future results.

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing engineered antibody therapeutics to treat patients with cancer and autoimmune diseases, who have unmet medical needs. We use our protein engineering capabilities to design new technologies and XmAb® drug candidates with improved properties. We advance these candidates into clinical-stage development, where we are conducting Phase 1 and Phase 2 studies for a broad portfolio of programs, to determine which programs we advance into later stages of development and potentially commercialization, which programs we partner to access complementary resources to optimize development, and which programs we discontinue.

Our approach to protein design includes engineering Fc domains, the parts of antibodies that interact with multiple segments of the immune system and control antibody structure. The Fc domain is constant and interchangeable among antibodies, and our engineered XmAb Fc domains can be readily substituted for natural Fc domains.

We and our partners develop XmAb antibodies and other types of biotherapeutic drug candidates with improved properties and functionality, which can provide innovative approaches to potentially treating disease and clinical benefits over other treatment options. Applications of our protein engineering technologies include multi-specific antibodies that

bind two or more different targets simultaneously, creating entirely new biological mechanism of anti-disease activity, or enhancement of antibody performance by increasing immune inhibitory activity, improving cytotoxicity, extending circulating half-life and stabilizing novel protein structures. Three marketed XmAb medicines have been developed with our protein engineering technologies.

Refer to Part I, Item 1, "XmAb Bispecific Fc Domain and Multi-Specific Antibody Formats" and "Other XmAb Fc Domains" in the description of our business included in this Annual Report for a discussion of our core Fc technology platforms.

Strategic Portfolio Prioritization

We are focused on developing T cell-engaging bispecific antibodies, which we believe hold great potential for the treatment of patients with solid tumors and autoimmune diseases, and beginning in the third quarter of 2023, we began aligning our portfolio to prioritize these programs, which now include XmAb819 (ENPP3 x CD3), XmAb541 (CLDN6 x CD3), plamotamab (CD20 x CD3) and XmAb657 (CD19 x CD3). We have also prioritized a potential best-in-class anti-TL1A antibody, XmAb942 (Xtend TL1A), and a research-stage TL1A x IL-23p19 bispecific antibody program.

We have implemented measures to align resources with our strategic plan for a focused pipeline and to strengthen our financial position.

In 2024, we narrowed the clinical development plan for our dual checkpoint inhibitor, vudalimab, in treating patients with advanced prostate and non-small cell lung cancers. We also concluded Phase 1 studies evaluating our XmAb564 and XmAb662 cytokine drug candidates and paused further development of both programs. In addition, our cost-sharing obligations with Genentech, related to the development of the cytokine drug candidate efbalropendekin alfa, ended as of June 1, 2024, and Genentech became responsible for all development thereafter. In June 2024, we also announced that we would regain worldwide rights to plamotamab from J&J.

In September 2024, we announced new clinical development plans for plamotamab and announced new XmAb drug candidates to be evaluated for the treatment of patients with autoimmune and inflammatory diseases. We subsequently completed an underwritten public offering of common stock and pre-funded warrants, and we received gross proceeds of $201.3 million before deducting underwriting discounts, commissions and offering expenses.

During 2024, we initiated first-in-human studies to evaluate XmAb541, a first-in-class bispecific antibody being developed for patients with CLDN6-positive tumors including advanced ovarian cancer, and XmAb942, our high potency anti-TL1A antibody with extended half-life in development for people living with inflammatory bowel disease (IBD).

In early 2025, we paused further development of vudalimab and decided not to initiate expansion cohorts of XmAb808 in combination with pembrolizumab. Potential combination of XmAb808 with CD3 T-cell engaging bispecific antibodies is being evaluated.

As of December 31, 2024, we had $706.7 million in cash, cash equivalents and marketable debt securities, and based on our current plans and projections, we estimate this will provide necessary funding into 2028.

Advancements in Our Clinical Portfolio of XmAb Drug Candidates

Our modular XmAb bispecific technology and protein engineering capabilities enable us to rapidly advance multiple drug candidates into clinical development. We are currently enrolling Phase 1 clinical studies for three wholly owned candidates to treat patients with many different types of serious diseases: XmAb819, XmAb541 and XmAb942. Two additional drug candidates are planned to enter clinical development in 2025: plamotamab and XmAb657.

Oncology Programs

XmAb819 (ENPP3 x CD3): XmAb819 is a first-in-class, tumor-targeted, T-cell engaging XmAb 2+1 bispecific antibody in development for patients with clear cell renal cell carcinoma (ccRCC). XmAb819 engages the immune system and activates T cells for highly potent and targeted lysis of tumor cells expressing ENPP3, an antigen highly expressed on kidney cancers. ENPP3 is a differentially expressed target, with high level expression in RCC and low level expression on normal tissues. With two tumor-antigen binding domains and one T-cell binding domain, our XmAb 2+1 format enables antibodies to bind more avidly and selectively kill tumor cells with higher antigen density, potentially sparing normal cells.

We are conducting a Phase 1 study to evaluate XmAb819 in patients with advanced ccRCC. In September 2024, we announced that initial evidence of anti-tumor activity had been observed in dose-escalation cohorts in the ongoing Phase 1 study, including RECIST responses, and the duration of treatment for several patients in earlier dose cohorts has extended beyond one year. Cytokine release syndrome remained manageable, and the tolerability profile from recent dose cohorts, including no maximum tolerated dose being reached, supported continued dose escalation toward target dose levels.

XmAb541 (CLDN6 x CD3): XmAb541 is a first-in-class, tumor-targeted, T-cell engaging XmAb 2+1 bispecific antibody in development for patients with CLDN6 expressing tumor types including ovarian cancer. XmAb541 targets CLDN6, a tumor-associated antigen in ovarian cancer and other solid tumors, and CD3. The XmAb 2+1 multivalent format used in XmAb541 enables greater selectivity for CLDN6 over similar Claudin family members, such as CLDN9, CLDN3 and CLDN4. In April 2024, we dosed the first patient in a Phase 1 dose-escalation study XmAb541. The Phase 1 dose-escalation study is ongoing, with characterization of target dose levels anticipated to begin during 2025.

XmAb808 (B7-H3 x CD28): XmAb808 is a tumor-selective, co-stimulatory CD28 bispecific antibody that binds to the broadly expressed tumor antigen B7-H3 and is constructed with the XmAb 2+1 multivalent format. Co-stimulation is required for T cells to achieve full activation, and targeted CD28 bispecific antibodies may provide conditional co-stimulation of T cells when the antibodies are bound to tumor cells.

We are conducting a Phase 1 study to evaluate XmAb808 in combination with pembrolizumab in patients with advanced solid tumors. In September 2024, we presented a clinical update on the ongoing Phase 1 study. The majority of patients enrolled into the study were men with mCRPC. In this group of patients, prostate specific antigen (PSA) declines were observed during the four-week monotherapy safety run-in period. In November 2024, we announced that within the range of expected active doses, two patients experienced dose-limiting toxicities as defined in the study protocol. The maximum tolerated dose was not defined per protocol. As the data were analyzed, back-fill enrollment proceeded in the next lower dose cohort, a dose within the range of target doses which was determined to be tolerable.

Dose escalation resumed late in the fourth quarter of 2024, and enrollment in the final dose-escalation cohort is complete. Data from the study are expected to inform future development decisions for the program. Potential combination with CD3 T-cell engaging bispecific antibodies is being evaluated.

Vudalimab (PD-1 x CTLA-4): Vudalimab is a bispecific antibody that targets PD-1 and CTLA-4, two immune checkpoint receptors, to selectively activate the tumor microenvironment. In February 2024, we announced data from a Phase 2 study of vudalimab in patients with clinically-defined high-risk mCRPC, in which the initial data indicated that vudalimab monotherapy was generally well tolerated and was associated with response to treatment in multiple patients who had visceral or lymph node metastases. In March 2024, we disclosed additional clinical data showing the (i) characteristics of patients with clinical response (n=5/12) and (ii) per label rates of immune-mediated hepatitis for ipilimumab (anti-CTLA-4; 1 mg/kg) + nivolumab (anti-PD-1; 3 mg/kg) combination treatment as generally comparable to the rate of all hepatobiliary disorder adverse events including immune-mediated hepatitis for vudalimab among all patients treated at doses greater than or equal to 10 mg/kg.

In the fourth quarter of 2024, we completed enrollment in two studies of vudalimab in patients with mCRPC and in Part 1 of a study in patients with locally advanced or metastatic non-small cell lung cancer. Xencor has paused further development of vudalimab and has prioritized resources to advance other pipeline programs. Safety data from the three studies of vudalimab remain consistent with prior data disclosures.

XmAb564 (IL2-Fc Cytokine): XmAb564 is a monovalent interleukin-2 Fc (IL2-Fc) fusion protein engineered to selectively activate and expand regulatory T cells (Tregs) for the potential treatment of patients with autoimmune diseases. In the first half of 2024, we concluded a Phase 1b study that was evaluating the safety and tolerability of multiple ascending doses of XmAb564, administered subcutaneously in patients, and we have paused further development.

XmAb662 (IL12-Fc Cytokine): XmAb662 is a potency-reduced interleukin-12 Fc (IL12-Fc) fusion protein engineered to increase anti-tumor activity and immunogenicity in the tumor microenvironment by promoting high levels of interferon gamma secretion from T cells and NK cells. In the first half of 2024, we concluded a Phase 1 study that was evaluating XmAb662 in patients with advanced solid tumors, and we have paused further development.

Autoimmune Disease Programs

In September 2024, we announced new clinical development plans for plamotamab and announced new XmAb drug candidates to be evaluated for the treatment of patients with autoimmune and inflammatory diseases. We believe that plamotamab and XmAb657 could address significant unmet needs for patients with a wide-range of autoimmune diseases that could be responsive to targeted B-cell depletion, such as RA, multiple sclerosis, advanced systemic lupus erythematosus, ANCA associated vasculitis, idiopathic inflammatory myopathy, myasthenia gravis, neuromyelitis optica spectrum disorder, pemphigus vulgaris, Sjogren's syndrome, and systemic sclerosis. We believe that XmAb942 could address significant unmet medical needs for patients with IBD, such as Crohn's disease and ulcerative colitis, the two most common forms of IBD.

XmAb942 (Xtend TL1A): XmAb942 is a monospecific anti-TL1A antibody, utilizing Xencor's Xtend Fc domain and proprietary Fc silencing technology, with potentially class-leading potency, and is under development for patients with IBD. The two most common forms of IBD are Crohn's disease and ulcerative colitis. In October 2024, preclinical data were presented during United European Gastroenterology (UEG) Week. Preclinical half-life was 23 days, potentially supporting an 8- to 12-week dosing regimen in humans. In the fourth quarter of 2024, we initiated dosing of healthy volunteers in the first-in-human study of XmAb942, and we expect initial single-ascending dose data from a Phase 1 study in healthy volunteers during the first half of 2025. We continue to expect data from the multiple-ascending dose portion of study and the initiation of a Phase 2 study in patients with ulcerative colitis in the second half of 2025.

Plamotamab (CD20 x CD3): Plamotamab is a B-cell depleting bispecific T-cell engager that targets CD20, a target receptor on B cells, and CD3. Results from the expansion portion of a Phase 1 study indicate that intravenous plamotamab monotherapy was well tolerated and demonstrated encouraging clinical activity in heavily pretreated patients with an advanced form of lymphoma at the recommended Phase 2 intravenous dose. In 2023, we completed patient enrollment in subcutaneous dose escalation cohorts of the Phase 1 study. We had been co-developing plamotamab with Johnson & Johnson (J&J), and in June 2024, we regained exclusive worldwide rights to develop and commercialize the candidate.

We plan to initiate a Phase 1b/2a proof-of-concept study for plamotamab in RA in the first half of 2025. The Phase 1b portion of the study will select a priming and step-up dose regimen based on the regimen established in oncology, and will assess the initial safety, efficacy, and biomarkers of plamotamab in patients with RA. The selected dose regimen will then be evaluated in the randomized Phase 2a portion, with efficacy determined at week 12. Results from the Phase 1 study in hematologic cancers showed favorable tolerability and comparable preliminary efficacy data, when cross compared to results from studies of a competitor molecule within the class, with similar patient baseline characteristics. Data demonstrating deep peripheral B-cell depletion observed in patients with lymphoma were presented at a medical meeting in December 2024. Based on these clinical outcomes, significant B-cell depletion, and the emergent biology supportive of B-cell targeted T cell engagers for the treatment of patients with autoimmune diseases, we plan to evaluate plamotamab in RA, in which patients progressed through prior standard of care treatment.

Additional Clinical-Stage XmAb Drug Candidate

XmAb7195 (anti-IgE): XmAb7195 uses our XmAb Immune Inhibitor Fc Domain and is designed to reduce blood levels of IgE, which mediates allergic responses and allergic disease. In February 2020, we licensed this drug candidate to Aimmune Therapeutics, Inc., now a wholly owned subsidiary of Nestlé S.A. We reacquired exclusive worldwide rights to XmAb7195 in 2024 and are evaluating development opportunities.

Advancements Expanding XmAb Bispecific Platforms

We conduct further research into the function and application of antibody Fc domains in order to expand the scope of our XmAb technology platforms and identify additional XmAb drug candidates.

We use the modularity of our XmAb bispecific Fc technology to build antibody-based therapeutics in a variety of formats, such as T cell engaging bispecific antibodies of a mixed valency format, the XmAb 2+1 bispecific antibody. XmAb 2+1 bispecific antibodies may preferentially kill target cells with high target expression, which may be especially beneficial in designing antibodies that target solid tumors or B cells that drive autoimmune disease. This selectivity potentially empowers T cell engaging bispecifics to address an expanded set of tumor antigens. Five clinical-stage programs utilize our XmAb 2+1 format: XmAb819, XmAb808, XmAb541, xaluritamig and ASP2138. We plan to initiate a Phase 1 study for an additional XmAb 2+1 bispecific antibody candidate, XmAb657 (CD19 x CD3), which we are developing for patients with autoimmune diseases, in the second half of 2025.

Progress Across Partnerships

A key part of our business strategy is to leverage our protein engineering capabilities, XmAb technologies and drug candidates with partnerships, collaborations and licenses. Through these arrangements we generate revenues in the form of upfront payments, milestone payments and royalties. For partnerships for our drug candidates, we aim to retain a major economic interest in the form of keeping major geographic commercial rights; profit-sharing; co-development options; and the right to conduct studies with drug candidates developed in the collaboration. The types of arrangements that we have entered with partners include product licenses, novel bispecific antibody collaborations, technology licensing agreements and strategic collaborations.

Product Licenses

Product licenses are arrangements in which we have internally developed drug candidates and, based on a strategic review, licensed partial or full rights to third parties to continue development and potential commercialization. We seek partners that can provide infrastructure and resources to successfully develop our drug candidates, have a track record of successfully developing and commercializing medicines, or have a portfolio of development-stage candidates and commercialized medicines which could potentially be developed in rational combinations with our drug candidates.

The FDA approved Monjuvi® (tafasitamab-cxix) under accelerated approval in July 2020. Monjuvi is a CD19-directed cytolytic antibody indicated in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) not otherwise specified, including DLBCL arising from low grade lymphoma, and who are not eligible for autologous stem cell transplant (ASCT). This indication is approved under accelerated approval based on overall response rate. Continued approval for this indication may be contingent upon verification and description of clinical benefit in a confirmatory trial(s). In August 2021, the European Commission granted conditional marketing authorization for Minjuvi® (tafasitamab) in combination with lenalidomide, followed by tafasitamab monotherapy, for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) who are not eligible for ASCT. In December 2024, Incyte announced positive full results from the pivotal study of tafasitamab in combination with lenalidomide and rituximab in relapsed or refractory follicular lymphoma and submitted a supplemental Biologics License Application. Tafasitamab was created and initially developed by us. Tafasitamab is marketed by Incyte Corporation under the brand name Monjuvi in the U.S. and under the brand name Minjuvi in Europe and Canada. Incyte has exclusive commercialization rights to tafasitamab outside the U.S. Monjuvi® and Minjuvi® are registered trademarks of Incyte. In February 2024, Incyte acquired exclusive global development and commercialization rights to tafasitamab. In November 2023, we entered into a royalty purchase agreement (Monjuvi Royalty Sale Agreement) with OCM Life Sciences Portfolio LP (OMERS). Under the terms of the Monjuvi Royalty Sale Agreement, we received $22.5 million upon closing in exchange for royalties earned from our MorphoSys license after July 1, 2023. The aggregate Monjuvi royalties to be received by OMERS have a fixed cap of 130% of the purchase price after which the royalties revert to us. In 2024, we earned non-cash royalty revenue of $8.7 million on net sales of Monjuvi.

Efbalropendekin alfa is a reduced-potency IL15/IL15Rα-Fc fusion protein that incorporates our Xtend extended half-life technology, and we had co-developed this program in collaboration with Genentech, a member of the Roche Group. In the fourth quarter of 2023, we agreed with Genentech to convert our development cost and profit-sharing arrangement into a royalty and milestone payment-based arrangement. Pursuant to the terms of the amended agreement with Genentech, effective June 1, 2024, Genentech assumed sole responsibility over all clinical, regulatory and commercial activities. Genentech is not currently enrolling new patients into studies evaluating efbalropendekin alfa.

Novel Bispecific Antibody Collaborations

Novel bispecific antibody collaborations are arrangements in which our partner seeks to create a bispecific antibody using one or more of our XmAb bispecific technologies. Our partners provide an antibody or a tumor-associated antigen, and we conduct limited research and development to create potential bispecific antibody candidates for further development and commercialization by our partners.

Xaluritamig is a STEAP1 x CD3 2+1 XmAb bispecific T-cell engager that our partner Amgen is advancing for the treatment of patients with prostate cancer. The XmAb 2+1 multivalent format enables higher binding capability for STEAP1 expressing cells. Results from a Phase 1 study evaluating xaluritamig in patients with mCRPC were presented at the European Society for Medical Oncology (ESMO) Congress in September 2024. With a median follow-up time of 27.9 months, the median overall survival (OS) was 17.7 months across all cohorts. A PSA90 rate of 45.1% was also observed in high-dose cohorts, and PSA90 response was associated with survival ($p = 0.0044$), which Amgen believes could potentially serve as an early indicator for benefit in these patients. Amgen initiated a Phase 3 study of xaluritamig in patients with

mCRPC who have previously been treated with taxane-based chemotherapy. Multiple Phase 1 or Phase 1b studies evaluating xaluritamig as a monotherapy or in combination are enrolling patients with earlier prostate cancer. In 2024, we earned $30.0 million in milestone revenue from Amgen.

Technology License Agreements

We enter into technology licensing agreements in which we license access to one or more of our XmAb Fc technologies on a restricted basis, typically to an XmAb Cytotoxic Fc Domain and/or the Xtend Fc Domain. Our partners are responsible for all research, development and commercialization activities of the drug candidates. The plug-and-play nature of XmAb technologies allows us to license access to our platforms with limited or no internal research and development activities.

Alexion's Ultomiris® uses Xtend Fc technology for longer half-life. Ultomiris has received marketing authorizations in global markets for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH), for certain patients with atypical hemolytic uremic syndrome (aHUS), for certain patients with generalized myasthenia gravis (gMG) and for certain patients with neuromyelitis optica spectrum disorder (NMOSD). Ultomiris was approved in the U.S. for the treatment of adult patients with anti-aquaporin-4 antibody-positive NMOSD in March 2024. Alexion is also evaluating Ultomiris in a broad development program across additional hematology, nephrology and neurology indications. In 2024, we earned $58.2 million in non-cash royalty revenue from the Ultomiris Royalty Sale Agreement.

In March 2020, we entered a second agreement with Vir, under which Vir has non-exclusive access to our Xtend Fc technology to extend the half-life of novel antibodies Vir investigated as potential treatments for patients with COVID-19. In May 2021, the FDA granted EUA to sotrovimab for the early treatment of mild-to-moderate COVID-19 in adults and pediatric patients (12 years of age and older weighing at least 40 kg) with positive results of direct severe SARS-CoV-2 viral testing, and at high risk for progression to severe COVID-19, including hospitalization or death. Sotrovimab has also obtained emergency authorization, temporary authorization or marketing approval (under the brand name Xevudy®) for early treatment of COVID-19 in more than 30 countries. In March 2022, the FDA deauthorized sotrovimab's use in all U.S. regions due to increases in the proportion of COVID-19 cases caused by non-susceptible new variants. As the SARS-CoV-2 virus has mutated, our royalty revenue from the sales of sotrovimab has diminished significantly. In 2024, we earned $0.6 million in royalties from Vir.

In June 2016, we entered into an agreement with Novartis Institutes for BioMedical Research, Inc. in which we provided Novartis with a non-exclusive license to certain of our Fc technologies to apply against up to ten targets identified by Novartis. In 2024, Novartis initiated a Phase 2 clinical study with a program developed under the agreement, and we earned $4.0 million in milestone revenue from Novartis.

Refer to Note 10 in the accompanying notes to the consolidated financial statements included in Part II, Item 8. Consolidated Financial Statements and Supplementary Data in this Annual Report for a description of the key terms of our arrangements.

Financial Operations Overview

Revenues

Our revenues to date have been generated primarily from our collaboration agreements, our product licensing agreements, and our technology licensing agreements. Revenue recognized from our collaboration and product licensing agreements includes non-refundable upfront payments, milestone payments and royalties on net sales of approved products while revenue from our technology licensing agreements includes upfront payments, option payments to obtain commercial licenses, milestone payments and royalties on net sales of approved products. Since our inception through December 31, 2024, we have generated $1.3 billion in revenues under the various product development partnership and technology license arrangements. Several of our product development partnership and technology license agreements provide us the opportunity to earn future milestone payments, royalties on product sales and option exercise payments. In 2023, we sold a portion of the rights to receive royalties and a milestone payment under our MorphoSys and Alexion arrangements for $215.0 million.

Summary of Collaboration and Licensing Revenue by Partner

The following is a comparison of collaboration, product licensing, and technology licensing revenue for the years ended December 31, 2024 and 2023 (in millions):

	Year Ended December 31,	
	2024	2023
Alexion*	$ 58.2	$ 64.9
Amgen	30.0	—
Gilead	—	6.0
Janssen	—	77.8
Mabgeek	1.5	—
MorphoSys/Incyte*	8.7	8.7
Novartis	4.0	—
Omeros	—	5.0
Vega	0.5	—
Vir	0.6	2.2
Zenas	—	10.0
Third Party Licensee	7.0	—
Total	$ 110.5	$ 174.6

*Includes non-cash royalty revenue from the Ultomiris and Monjuvi Royalty Sale Agreements.

Research and Development Expenses

The following is a comparison of research and development expenses for the years ended December 31, 2024 and 2023 (in millions):

	Year Ended December 31,	
	2024	2023
External research and development expenses	$ 105.8	$ 119.7
Internal research and development expenses	91.9	99.4
Stock-based compensation	30.0	34.5
Total	$ 227.7	$ 253.6

Internal research and development expenses consist primarily of salaries, benefits, related personnel costs, supplies, and allocated overhead including facility costs. External research and development expenses include preclinical testing costs, clinical trial costs and fees paid to external service providers. External service providers include CROs and contract manufacturing organizations (CMOs) to conduct clinical trials, manufacturing and process development, IND-enabling toxicology testing and formulation of clinical drug supplies. We expense research and development expenses as incurred. We account for nonrefundable advance payments for goods and services that will be used in future research and development activities as expense when the service has been performed or when the goods have been received. We estimate contract manufacturing, preclinical study and clinical trial expenses based on the services performed pursuant to the contracts with manufacturing, research institutions and clinical research organizations that manufacture and conduct and manage preclinical studies and clinical trials on our behalf based on the actual time and expenses incurred by them. We accrue expenses related to clinical trials based on the level of patient enrollment and activity according to the related agreement. We monitor patient enrollment levels and related activity to the extent reasonably possible and adjust estimates accordingly. Our estimates of clinical trial expense have fluctuated on a period-to-period basis due to changes in the stage of the clinical trials and patient enrollment levels. We expect to experience a continuing pattern of fluctuations in clinical trial expenses as current clinical trials are completed and as we initiate additional and later stage clinical trials. We expect

changes in future clinical trial expenses to be driven by changes in service provider costs and changes in clinical stage and patient enrollment.

We expect that our future research and development expenses will increase over spending levels in recent years if we are successful in advancing our current clinical-stage drug candidates or any of our preclinical programs into later stages of clinical development. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time-consuming. We or our partners may never succeed in achieving marketing approval for any of our product candidates. Numerous factors may affect the probability of success for each product candidate, including preclinical data, clinical data, competition, manufacturing capability, approval by regulatory authorities and commercial viability.

Our research and development operations are conducted such that design, management and evaluation of results of all of our research and development is performed internally, while the execution of certain phases of our research and development programs, such as toxicology studies in accordance with Good Laboratory Practices (GLP), and manufacturing in accordance with cGMP, is accomplished using CROs and CMOs. We account for research and development costs on a program-by-program basis except in the early stages of research and discovery, when costs are often devoted to identifying preclinical candidates and improving our discovery platform and technologies, which are not necessarily allocable to a specific development program. We assign costs for such activities to distinct projects for preclinical pipeline development and new technologies. We allocate research management, overhead, commonly used laboratory supplies and equipment, and facility costs based on the percentage of time of full-time research personnel efforts on each program.

The following is a comparison of research and development expenses for the years ended December 31, 2024 and 2023 (in millions):

	Year Ended December 31,	
	2024	2023
Product programs:		
Vudalimab (PD-1 x CTLA-4)	$ 45.4	$ 43.9
XmAb819 (ENPP3 x CD3)	28.2	18.1
XmAb808 (B7-H3 x CD28)	21.2	16.6
XmAb541 (CLDN6 x CD3)	15.5	20.3
XmAb942 (Xtend TL1A)	31.6	2.3
Plamotamab (CD20 x CD3)*	15.7	16.5
XmAb657 (CD19 x CD3)	5.9	—
Efbalropendekin alfa (IL15/IL15Ra-Fc)*	13.2	14.1
Other, research and early stage programs	33.5	50.3
Wind down costs of terminated programs [(1)]	17.5	71.5
Total research and development expenses	$ 227.7	$ 253.6

*Includes net reimbursements to and from our partners pursuant to agreements that include cost-sharing arrangements.

(1) Research and development expenses include wind down costs of terminated programs including the vibecotamab, tidutamab, XmAb841, XmAb104, XmAb662 and XmAb564 programs.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation related to our executive, finance, business development, and support functions. Other general and administrative expenses include intellectual property costs, facility costs, and professional fees for auditing, tax and legal services.

Other Income (Expense), Net

For the year ended December 31, 2024, other expense, net, consists primarily of non-cash interest expense related to the Ultomiris and Monjuvi Royalty Agreements, an impairment expense related to the investment in Zenas' preferred stock, and unrealized losses on marketable equity securities, partially offset by interest income from marketable debt securities during the year, while for the year ended December 31, 2023, other income, net, consists primarily of interest income from marketable debt securities, partially offset by non-cash interest expense related to the Ultomiris and Monjuvi Royalty Agreements during the year.

Critical Accounting Policies, Significant Judgments, and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). The preparation of our financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates. Our management believes judgment is involved in determining revenue recognition, interest expense under the royalty sale agreements, the fair value-based measurement of stock-based compensation, the fair value estimate of marketable securities, the capitalization and recoverability of intellectual property costs, valuation of deferred tax assets and accruals. Our management evaluates estimates and assumptions as facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates and assumptions, and those differences could be material to the financial statements. If our assumptions change, we may need to revise our estimates, or take other corrective actions, either of which may also have a material adverse effect on our statements of operations, liquidity and financial condition.

While our significant accounting policies are described in more detail in Note 1 in the accompanying notes to the consolidated financial statements included in Part II, Item 8. Consolidated Financial Statements and Supplementary Data, we believe the following accounting policies to be critical to the judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We have, to date, earned revenue from research and development collaborations, which may include research and development services, licenses of our internally developed technologies, licenses of our internally developed drug candidates, or combinations of these.

The terms of our license and research and development and collaboration agreements generally include non-refundable upfront payments, research funding, co-development reimbursements, license fees, and milestone and other contingent payments to us for the achievement of defined collaboration objectives and certain clinical, regulatory and sales-based events, as well as royalties on sales of any commercialized products.

The terms of our licensing agreements include non-refundable upfront fees, contractual payment obligations for the achievement of pre-defined preclinical, clinical, regulatory and sales-based events by our partners. The licensing agreements also include royalties on sales of any commercialized products by our partners.

In certain transactions for licensing of our technologies or our product candidates, we may receive an equity interest from our partners as full or partial consideration for an upfront payment due under the arrangement. We record the initial equity at its fair value and mark the value to market quarterly for publicly traded securities and review for impairment for equity that is not publicly traded on a national exchange.

Sale of Future Royalties

In November 2023, we entered into the sale of a portion of our royalties due to us under the Alexion Agreement (the Ultomiris Royalty Sale Agreement) and a portion of our royalties due to us under the MorphoSys Agreement (the Monjuvi Royalty Sale Agreement) and received upfront proceeds of $192.5 million and $22.5 million, respectively.

We evaluated both the Ultomiris Royalty Sale Agreement and the Monjuvi Royalty Sale Agreement under Accounting Standards Codification (ASC) 470—*Debt* (ASC 470) and determined that the upfront payment should be accounted for as a liability in the consolidated balance sheet. The upfront proceeds will be amortized using the effective

interest rate method over the estimated life of the related expected royalty stream. The liability and related interest expense are based on our current estimates of future royalties to be paid over the life of the agreement. We periodically assess the expected royalty payments and to the extent the future estimates or timing of such payments are materially different than the previous estimates, we will prospectively recognize related interest expense. Royalty revenue is recognized as earned on net sales of Ultomiris and Monjuvi/Minjuvi, and the liability is reduced when payments are made to the purchaser. For the year ended December 31, 2024, we recorded $66.9 million of non-cash royalty revenue related to the royalty sales under both agreements. For further discussion, refer to Note 11 in the accompanying notes to the consolidated financial statements included in Part II, Item 8. Consolidated Financial Statements and Supplementary Data.

Capitalized Intellectual Property Costs

We capitalize and amortize third-party intellectual property costs such as amounts paid to outside patent counsel for filing, prosecuting and obtaining patents for our internally developed technologies and product candidates, to the extent such patents are deemed to have probable future economic benefit. We also capitalize amounts paid to third parties for licenses that we acquire for intellectual property or for research and development purposes where the technology has alternative uses. The net capitalized patents, licenses, and other intangible assets as of December 31, 2024 and 2023 were $18.5 million and $18.7 million, respectively. We believe that these costs should be capitalized as the intellectual property portfolio creates the underlying property right to our technologies and product candidates and supports the upfront payments, licensing fees, milestone payments and royalties made by our collaboration partners for licensing our technologies and product candidates.

We begin amortization of capitalized patent costs during the period that we obtain a patent relating to the capitalized cost over the shorter of the patent life or the estimated economic useful life. Capitalized licensing costs are amortized beginning in the period that access to the license or technology is available and is amortized over the shorter of the license term or the estimated economic useful life of the licensed asset. Such amortization is recorded as general and administrative expenses.

On a regular basis we review the capitalized intellectual property portfolio and determine if there have been changes in the scientific or patent landscape that leads us to decide to abandon an in-process patent application or abandon a previously issued patent. While we confer with outside patent counsel, the decision to continue prosecuting certain patent claims or abandon other claims are made by us based on our judgment and existing knowledge of our technology, current U.S. and foreign patent authority rulings and expected rulings, and scientific advances and patent filings by competitors operating in our technology or drug development field. We record an expense for the write-off of capitalized intangible assets in the period that the decision to abandon a claim or license is made. We also review the carrying value of capitalized licensing costs on a regular basis to determine if there have been any changes to the useful life or estimated amortization period over which the costs should be amortized. We recorded a charge for abandoned intangible assets of $2.3 million and $1.3 million for the years ended December 31, 2024 and 2023, respectively. Such charges are reflected as general and administrative expenses.

We determine if there has been an impairment of our intangible assets which include the capitalized patent and licensing costs whenever events such as recurring operating losses or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing contracts and purchase orders, reviewing the terms of our license agreements, communicating with our applicable personnel to identify services that have been performed on our behalf, and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual cost. The majority of our service providers invoice us monthly in arrears for services performed. We make estimates of our accrued expenses as of each balance sheet date based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. Examples of estimated accrued research and development expenses include fees to:

- CROs and other service providers in connection with clinical studies;
- contract manufacturers in connection with the production of and testing of clinical trial materials; and
- vendors in connection with preclinical development activities.

We base our expenses related to clinical studies on our estimates of the services received and efforts expended pursuant to contracts with multiple research institutions and CROs that conduct and manage clinical studies on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract, and may result in uneven payment flows and expense recognition. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing these costs, we estimate the time period over which services will be performed for which we have not been invoiced and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual accordingly. Our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in our reporting changes in estimates in any particular period.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that such tax rate changes are enacted. The measurement of a deferred tax asset is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. Financial statement recognition of a tax position taken or expected to be taken in a tax return is determined based on a more likely than not threshold of that position being sustained. If the tax position meets this threshold, the benefit to be recognized is measured as the largest amount that is more than 50% likely to be realized upon ultimate settlement. Our policy is to record interest and penalties related to uncertain tax positions as a component of income tax expense. We have unrecognized tax benefits of $8.9 million as of December 31, 2024 and 2023. Interest and penalties of $1.7 million have been recorded through the year ended December 31, 2024.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (TCJA) was enacted into law, which beginning in 2018, made several changes to U.S. corporate income tax provisions including a reduction in the U.S. corporate rate from a maximum rate of 35% to 21% effective January 1, 2018. The TCJA also allowed net operating losses (NOLs) incurred after January 1, 2018 to be carried forward indefinitely subject to limitations on the amount of NOLs that could be applied against taxable income each year. The TCJA also requires capitalization of certain research and development expenses beginning effective January 1, 2022.

We recorded net deferred tax assets of $227.3 million as of December 31, 2024, which was fully offset by a valuation allowance due to uncertainties surrounding our ability to realize these tax benefits. The deferred tax assets are primarily comprised of deferred revenue, capitalized research and development expenses, federal and state tax net operating loss (NOL) carryforwards and research and development tax credit carryforwards. As of December 31, 2024, we had cumulative net operating loss carryforwards for federal income tax purposes of approximately $114.3 million; $60.1 million of such losses were incurred during the year ended December 31, 2024. We also had available tax credit carryforwards of $26.0 million for federal tax purposes. We had cumulative state tax loss carryforwards at December 31, 2024 of $176.9 million, and available state tax credit carryforwards of approximately $28.4 million, which can be carried forward to offset future taxable income, if any.

Our federal net operating loss carryforwards incurred prior to January 1, 2018 expire starting in 2027; state net operating loss carryforwards expire starting in 2035; and federal tax credit carryforwards expire starting in 2034.

We recorded income tax expense of $1.6 million and $13.7 million for the years ended December 31, 2024 and 2023, respectively.

Valuation of Stock-Based Compensation

We record the fair value of stock options and shares issued under our Employee Stock Purchase Plan (ESPP) to employees as of the grant date as compensation expense over the service period, which is generally the vesting period. For non-employees, we also record the fair value of stock options as of the grant date as compensation expense over the service period. We then periodically re-measure the awards to reflect the current fair value at each reporting period until the non-employee completes the performance obligation or the date on which a performance commitment is reached. Expense is recognized over the related service period.

We calculate the fair value of stock-based compensation awards using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the use of subjective assumptions, including volatility of our common

stock, the expected term of our stock options, the risk-free interest rate for a period that approximates the expected term of our stock options and the fair value of the underlying common stock on the date of grant.

Common Stock Options Fair Value

We recognize stock-based compensation expense in accordance with the provisions of ASC 718, *Compensation—Stock Compensation*. The use of a Black-Scholes model requires us to apply judgment and make assumptions and estimates that include the following:

- *Expected Volatility*—Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period.
- *Expected Dividend Yield*—We have never declared or paid dividends and have no plans to do so in the foreseeable future.
- *Risk-Free Interest Rate*—This is the U.S. Treasury rate for the week of each option grant during the year, having a term that most closely resembles the expected life of the option.
- *Expected Term*—This is the period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of ten years and we have estimated the expected life of the option term to be between six and eight years. We use a simplified method to calculate the average expected term for employee awards.

Results of Operations

The discussion that follows includes a comparison of our results of operations and liquidity and capital resources for the years ended December 31, 2024 and 2023. For a comparison of our results of operations and financial condition for the years ended December 31, 2023 and 2022, see "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Annual Report on Form 10-K/A, filed with the SEC on February 24, 2025.

Comparison of the Years Ended December 31, 2024 and 2023

The following table summarizes our results of operations for the years ended December 31, 2024 and 2023 (in millions):

	Year Ended December 31,		
	2024	2023	Change
Revenues:			
Research collaboration	$ —	$ 30.3	$ (30.3)
Milestone	34.5	88.5	(54.0)
Licensing	8.5	—	8.5
Royalties	67.5	55.8	11.7
Total revenues	110.5	174.6	(64.1)
Operating expenses:			
Research and development	227.7	253.6	(25.9)
General and administrative	61.2	53.4	7.8
Total operating expenses	288.9	307.0	(18.1)
Other income (expense), net	(56.5)	12.7	(69.2)
Income tax expense	1.6	13.7	(12.1)
Net loss	(236.5)	(133.4)	(103.1)
Net loss attributable to non-controlling interest	(3.9)	(0.2)	(3.7)
Net loss attributable to Xencor, Inc.	$ (232.6)	$ (133.2)	$ (99.4)

Revenues

There were no research collaboration revenues in 2024 and research collaboration revenues in 2023 are primarily revenue recognized under the Second J&J Agreement. Milestone payments decreased by $54.0 million in 2024 from 2023 amounts primarily due to milestone revenues recognized from Amgen and Novartis in 2024, as compared to milestone revenue recognized from Alexion, Gilead, J&J, Omeros, and Zenas in 2023. Royalty revenues for 2024 are higher than royalty revenues in 2023 primarily due to an increase in royalty revenue recognized from Alexion.

Research and Development Expenses

The following table summarizes our research and development expenses for the years ended December 31, 2024 and 2023 (in millions):

	Year Ended December 31,		
	2024	2023	Change
Product programs:			
Vudalimab (PD-1 x CTLA-4)	$ 45.4	$ 43.9	$ 1.5
XmAb819 (ENPP3 x CD3)	28.2	18.1	10.1
XmAb808 (B7-H3 x CD28)	21.2	16.6	4.6
XmAb541 (CLDN6 x CD3)	15.5	20.3	(4.8)
XmAb942 (Xtend TL1A)	31.6	2.3	29.3
Plamotamab (CD20 x CD3)*	15.7	16.5	(0.8)
XmAb657 (CD19 x CD3)	5.9	—	5.9
Efbalropendekin alfa (IL15/IL15Ra-Fc)*	13.2	14.1	(0.9)
Other, research and early stage programs	33.5	50.3	(16.8)
Wind down costs of terminated programs [(1)]	17.5	71.5	(54.0)
Total research and development expenses	$ 227.7	$ 253.6	$ (25.9)

*Includes net reimbursements to and from our partners pursuant to agreements that include cost-sharing arrangements.

[(1)] Research and development expenses include wind down costs of terminated programs including the vibecotamab, tidutamab, XmAb841, XmAb104, XmAb662, and XmAb564 programs

Research and development expenses decreased by $25.9 million in 2024 over 2023 amounts primarily due to decreased spending on the wind down costs of terminated programs, partially offset by increased spending on programs such as XmAb819, XmAb657 and XmAb942.

General and Administrative Expenses

General and administrative expenses increased by $7.8 million in 2024 over 2023 amounts primarily due to increases in general and administrative compensation costs and additional spending on professional fees.

Other Income (Expense), Net

Other expense, net, for the year ended December 31, 2024, consists primarily of non-cash interest expense related to the Ultomiris and Monjuvi Royalty Agreements, an impairment expense related to the investment in Zenas' preferred stock, and unrealized losses on equity securities, partially offset by interest income from marketable debt securities during the year, while other income, net, for the year ended December 31, 2023, consists primarily of interest income from marketable debt securities, partially offset by non-cash interest expense related to the Ultomiris and Monjuvi Royalty Agreements during the year.

Liquidity and Capital Resources

Since our inception, our operations have been primarily financed through proceeds from public offerings, private sales of our equity, and payments received under our collaboration and development partnerships and licensing arrangements. We have devoted our resources to funding research and development programs, including discovery research, preclinical and clinical development activities.

We have incurred substantial operating losses since our inception, and we expect to continue to incur operating losses into the foreseeable future as we advance the ongoing development of our antibody product candidates, evaluate opportunities for the potential clinical development of our other preclinical programs, and continue our research efforts.

In November 2023, we entered into the Monjuvi Royalty Sale Agreement and Ultomiris Royalty Sale Agreement and received total proceeds from the transactions of $215.0 million. For further discussion of the sale of future royalties, refer to Note 11 in the accompanying notes to the consolidated financial statements included in Part II, Item 8. Consolidated Statements and Supplementary Data of this Annual Report.

On February 27, 2023, we filed an automatic universal shelf registration statement on Form S-3 (File No. 333-270030) as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, which became effective upon filing (the Shelf Registration Statement). The Shelf Registration Statement allows us to offer an indeterminate amount of securities, including equity securities, debt securities, warrants, rights, units and depositary shares, from time to time as described in the Shelf Registration Statement. The specific terms of any offering under the Shelf Registration Statement will be established at the time of such offering. The Shelf Registration Statement will expire on February 27, 2026.

On February 27, 2023, we entered into a sales agreement (the Sales Agreement) with SVB Securities LLC (the Agent) pursuant to which we may offer and sell, from time to time, through the Agent (the ATM Offering), shares of our common stock having an aggregate offering price of up to $200 million (the ATM Shares). Any ATM Shares offered and sold in the ATM Offering are to be issued pursuant to the Shelf Registration Statement and the 424(b) prospectus supplement relating to the ATM Offering dated February 27, 2023 (the ATM Prospectus). From the date of the ATM Prospectus through December 31, 2024, no shares of our common stock were sold pursuant to the ATM Offering and, as of December 31, 2024, we may sell shares of our common stock for remaining gross proceeds of up to $200 million from time to time pursuant to the ATM Prospectus.

On September 12, 2024, we completed an underwritten public offering (the Public Offering) of our common stock pursuant to the Shelf Registration Statement. In the offering, we sold 8,093,712 shares of our common stock at the public offering price of $18.00 per share, which included the exercise in full by the underwriters of their option to purchase 1,458,600 shares of our common stock, and pre-funded warrants to purchase up to an aggregate of 3,088,888 shares of our common stock at the public offering price of $17.99 per share. Upon the closing of the offering, we received gross proceeds of approximately $201.3 million.

At December 31, 2024, we had $706.7 million of cash, cash equivalents, and marketable debt securities compared to $697.0 million at December 31, 2023. We expect to continue to receive additional payments from our collaborators for research and development services rendered, additional milestone, contingent payments, opt-in and royalty payments. Our ability to receive milestone payments and contingent payments from our partners is dependent upon either our ability or our partners' abilities to achieve certain levels of research and development activities and is therefore uncertain at this time.

Funding Requirements

We have not generated any revenue from product sales and do not expect to do so until we obtain regulatory approval and commercialize one or more of our product candidates. At the current stage of our clinical development programs, it will be some time before we expect to achieve this, and it is uncertain that we ever will. We expect that our operating expenses will continue to increase in connection with ongoing and planned clinical and preclinical development of product candidates in our pipeline. We expect to continue our collaboration arrangements and will look for additional collaboration and licensing opportunities.

Although it is difficult to predict our funding requirements, based upon our current operating plan, we believe that our existing cash, cash equivalents and marketable securities, together with interest thereon and expected milestone and

royalty payments will be sufficient to fund our operations into 2028. We have based these estimates on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

Cash Flows

The following table sets forth the primary sources and uses of cash and cash equivalents for each of the periods presented below (in thousands):

	Year Ended December 31,	
	2024	**2023**
Net cash provided by (used in):		
Operating activities	$ (202,188)	$ (77,926)
Investing activities	(7,872)	(111,065)
Financing activities	197,152	189,219
Net increase (decrease) in cash and cash equivalents	$ (12,908)	$ 228

Operating Activities

Net cash used in operating activities for the year ended December 31, 2024 increased as compared to the same period in 2023 primarily due to lower research collaboration and milestone revenues and the decrease in royalty payments received as a result of the sale of future royalties in 2023 as the majority of our royalty revenue is now non-cash royalty.

Investing Activities

Net cash used in investing activities consists primarily of purchases of marketable debt securities available-for-sale, acquisition of intangible assets and purchases of property and equipment, offset by proceeds from maturities of marketable debt securities. Net cash used in investing activities for the year ended December 31, 2024 decreased as compared to the same period in 2023 primarily due to decreases in purchase of marketable debt securities and property and equipment.

Financing Activities

Net cash provided by financing activities during the year ended December 31, 2024 consists primarily of proceeds from the Public Offering. Net cash provided by financing activities during the year ended December 31, 2023 consists primarily of cash from the sale of future royalties under the Ultomiris and Monjuvi Royalty Sale Agreement.

Contractual Obligations and Commitments

We are obligated to make future payments to third parties under in-license agreements, including sublicense fees, royalties, and payments that become due and payable on the achievement of certain development and commercialization milestones. We have also entered into agreements with third-party vendors which will require us to make future payments upon the delivery of goods and services in future periods.

In April 2021, we entered into a license agreement with BIO-TECHNE Corporation (BIO-TECHNE) for a non-exclusive license to a certain recombinant monoclonal antibody reactive with human CLDN6. This antibody is being developed in our XmAb541 program. Under this license agreement, we may be required to make $30.6 million in additional contingent payments which include $1.8 million of clinical milestones, $4.8 million of regulatory milestones and milestones on the achievement of certain sales of $24.0 million, in addition to royalties upon commercial sales of products of 0.5%. We made an upfront payment in connection with this license in 2021 and made a milestone payment of $0.4 million in 2024 upon an initiation of Phase 1.

In February 2016, we entered into a worldwide exclusive commercial license agreement with Selexis SA to develop and commercialize products produced from the Selexis cell line that was manufactured in connection with our plamotamab drug candidate. In connection with the license, we may be required to make CHF 1.7 million in additional contingent obligations which include CHF 500,000 in development milestones, CHF 400,000 in regulatory milestones and

CHF 800,000 in sales milestones, in addition to royalties upon commercial sales of products of less than 1%. In 2022, we recorded a milestone of CHF 200,000 upon initiation of Phase 2.

In December 2017, we entered into worldwide exclusive commercial license agreements with Selexis to develop and commercialize products produced from the Selexis cell line that was manufactured for certain bispecific antibody candidates. The terms for each agreement are identical and for each licensed cell line we may be required to make up to CHF 1.4 million in total development, regulatory and sales milestones which include CHF 425,000 in development milestones, CHF 340,000 in regulatory milestones and CHF 680,000 in sales milestones. In addition, we may be obligated to pay royalties upon commercial sales of approved products of less than 1%. In 2019, we made a milestone payment of CHF 75,000 in connection with an IND submission, and in 2020, we recorded a milestone payment due of CHF 75,000 in connection with an IND submission. In 2021, we recorded a milestone payment due of CHF 170,000 upon initiation of Phase 2.

In September 2020, we entered into an agreement with MD Andersen in which we agreed to provide up to $10.0 million in funding over a five-year period in exchange for MD Andersen conducting clinical studies with our drug candidates. In December 2021, we amended the agreement to extend it an additional year at the same level of funding. In December 2024, we further amended the agreement to provide that only two studies will continue under the agreement and Xencor's funding obligation to MD Anderson under the agreement is limited to the $2.0 million already paid and an additional $2.4 million to fund the continuing studies.

In August 2022 and in December 2022, we entered into agreements with Caris Life Sciences to license novel targets identified from their technology platform. The terms for the agreements provide that we may be obligated to pay development, regulatory and sales milestones for each target we elect to license in addition to royalties on net sales of approved products.

As the amount and timing of sublicense fees and the achievement and timing of these milestones are not probable and estimable, such commitments have not been included on our balance sheet or in the contractual obligations and commitment tables above.

In November 2023, we entered into the Monjuvi Royalty Sale Agreement and Ultomiris Royalty Sale Agreement and received total proceeds from the transactions of $215.0 million. For further discussion of the sale of future royalties, refer to Note 11 - Sale of Future Royalties in the accompanying notes to the consolidated financial statements included in Part II, Item 8. Consolidated Financial Statements and Supplementary Data of this Annual Report.

New Accounting Pronouncements

See Note 1 - Recent Accounting Pronouncements in the accompanying financial statements for information regarding recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 10.0% change in interest rates would not have a material effect on the fair market value of our portfolio. Accordingly, we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on our investment portfolio.

We do not believe that our cash, cash equivalents and marketable securities have significant risk of default or illiquidity. While we believe our cash, cash equivalents and marketable securities do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits.

Item 8. Consolidated Financial Statements and Supplementary Data

Xencor, Inc.
Financial Statements

Audited Financial Statements for the Years Ended December 31, 2024, 2023 and 2022:

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Xencor, Inc.

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheets of Xencor, Inc. and its subsidiary (the Company) as of December 31, 2024 and 2023, the related consolidated statements of loss, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Our report dated February 26, 2025 expressed an opinion that the Company had not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters
The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Judgement and Complexity of Accounting for Non-cash Interest Expense
As discussed in Note 11 to the consolidated financial statements, the Company estimates non-cash interest expense on the liability related to the sale of future royalties. We had identified the estimation of royalties to be earned on future sales of Ultomiris that is used in the calculation of the non-cash interest expense recorded as a critical audit matter as auditing management's assumption of estimated future sales of Ultomiris required a high degree of auditor judgment and an increased extent of audit effort.

Our audit procedures related to the estimation of royalties to be earned on future sales of Ultomiris included the following procedures, among others:

a. obtaining and reviewing the key terms of the Royalty Sale Agreement for the Ultomiris Agreement;

b. evaluating the relevance and reliability of the third party data used in management's estimation of royalties to be earned on future sales of Ultomiris by jurisdiction over the remaining life of the existing patent in place which are

used in the model calculation of the effective interest rate used to derive non-cash interest expense on the debt recorded from the Ultomiris Royalty Sale Agreement;

c. evaluating the sufficiency of the Company's disclosures within the financial statements related to the release of the liability.

Judgment and Complexity of Research and Development Expenses

As discussed in Note 1 to the consolidated financial statements, the Company accrues costs or records prepaid expenses for clinical trial activities based upon estimates of the services received and related expenses incurred through the balance sheet date that have yet to be invoiced by the contract research organizations or other clinical trial vendors that perform the activities.

Auditing the Company's accounting treatment for research and development expenses is challenging due to the fact that information necessary to estimate the expense is accumulated from multiple sources and the determination of the nature and level of services that have been received during the reporting period requires judgment. In addition, the timing and pattern of vendor invoicing does not correspond to the level of services provided and there may be delays in invoicing from clinical study sites and other vendors.

Our audit procedures related to the accounting treatment for research and development expenses included the following procedures, among others:

a. testing the design, implementation and operating effectiveness of relevant controls that addressed the identified risks related to the Company's process for recording research and development expenses and the associated prepaid expense or accrued liability balance;

b. testing management's identification of separate deliverables in its contracts with the research institutions and contract research organizations;

c. testing the completeness and accuracy of the underlying information provided by the contract research organizations used in the estimates;

d. evaluating the significant assumptions used in the estimate of expense for a sample of services received for select deliverables;

e. sending external confirmations to a selection of third parties regarding contract terms and completion status of certain deliverables.

/s/ RSM US LLP

We have served as the Company's auditor since 2015.

Los Angeles, CA
February 26, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of
Xencor, Inc.

Opinion on the Internal Control Over Financial Reporting
We have audited Xencor, Inc. and its subsidiary's (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, because of the effect of the material weaknesses described below, the Company has not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the accompanying consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of loss, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements) of the Company and our report dated February 26, 2025, expressed an unqualified opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

i. Management did not have adequate supervision and review controls over the complex accounting for significant and unusual transactions. Specifically, the supervision and review of the accounting for the Ultomiris Royalty Sale Agreement, including the work performed by external advisors, was not designed to operate at a sufficient level of precision.

ii. Management did not have adequate supervision and review controls over the evaluation of certain tax legislation. Specifically, the supervision and review of the accounting for new tax legislation was not designed at a sufficient level of precision.

These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 financial statements, and this report does not affect our report dated February 26, 2025 on those financial statements.

Basis for Opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded

as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Los Angeles, CA
February 26, 2025

Xencor, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31,	
	2024	**2023**
Assets		
Current assets		
Cash and cash equivalents	$ 40,875	$ 53,790
Marketable debt securities	408,971	497,725
Marketable equity securities	47,929	42,210
Accounts receivable	60,849	23,739
Prepaid expenses and other current assets	18,977	18,139
Total current assets	577,601	635,603
Property and equipment, net	59,800	66,124
Patents, licenses, and other intangible assets, net	18,485	18,663
Restricted cash	387	380
Marketable debt securities - long term	256,833	145,512
Marketable equity securities - long term	—	64,210
Right of use asset	38,341	33,995
Other assets	498	648
Total assets	$ 951,945	$ 965,135
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 16,759	$ 13,914
Accrued expenses	19,217	23,564
Income tax payable	—	5,291
Lease liabilities	3,009	3,435
Debt	48,447	27,711
Total current liabilities	87,432	73,915
Uncertain tax position payable	9,990	8,336
Lease liabilities, net of current portion	65,338	59,025
Debt, net of current portion	115,159	161,772
Total liabilities	277,919	303,048
Commitments and contingencies (see note 9)		
Stockholders' equity		
Preferred stock, $0.01 par value: 10,000,000 authorized shares; -0- issued and outstanding shares at December 31, 2024 and 2023	—	—
Common stock, $0.01 par value: 200,000,000 authorized shares; 70,256,108 issued and outstanding shares at December 31, 2024 and 60,998,191 issued and outstanding at December 31, 2023	703	611
Additional paid-in capital	1,381,607	1,131,266
Accumulated other comprehensive (loss) income	(663)	1,291
Accumulated deficit	(704,036)	(471,418)
Total stockholders' equity attributable to Xencor, Inc.	677,611	661,750
Non-controlling interest	(3,585)	337
Total stockholders' equity	674,026	662,087
Total liabilities and stockholders' equity	$ 951,945	$ 965,135

See accompanying notes to the financial statements.

Xencor, Inc.
Consolidated Statements of Loss
(in thousands, except share and per share data)

	Year Ended December 31,		
	2024	**2023**	**2022**
Revenue			
Collaborations, licenses, milestones, and royalties	$ 110,493	$ 174,615	$ 164,579
Operating expenses			
Research and development	227,686	253,598	199,563
General and administrative	61,215	53,379	47,489
Total operating expenses	288,901	306,977	247,052
Loss from operations	(178,408)	(132,362)	(82,473)
Other income (expense)			
Interest income	31,930	19,331	4,830
Interest expense	(36,643)	(6,177)	(13)
Other income (expense), net	50	(31)	(148)
Impairment on equity securities	(20,430)	—	(138)
(Loss) gain on equity securities, net	(31,422)	(395)	23,434
Total other income (expense), net	(56,515)	12,728	27,965
Loss before income tax	(234,923)	(119,634)	(54,508)
Income tax expense	1,617	13,662	673
Net loss	(236,540)	(133,296)	(55,181)
Net loss attributable to non-controlling interest	(3,922)	(163)	—
Net loss attributable to Xencor, Inc.	$ (232,618)	$ (133,133)	$ (55,181)
Net loss per common share attributable to Xencor, Inc.:			
Basic and diluted	$ (3.58)	$ (2.20)	$ (0.93)
Weighted average common shares used to compute net loss per share attributable to Xencor, Inc.			
Basic and diluted	65,041,265	60,503,283	59,652,461

See accompanying notes to the financial statements.

Xencor, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Net loss	$ (236,540)	$ (133,296)	$ (55,181)
Other comprehensive income (loss):			
Net unrealized (loss) gain on marketable debt securities available-for-sale	(1,954)	8,243	(5,442)
Comprehensive loss	(238,494)	(125,053)	(60,623)
Comprehensive loss attributable non-controlling interest	(3,922)	(163)	—
Comprehensive loss attributable to Xencor, Inc.	$ (234,572)	$ (124,890)	$ (60,623)

Xencor, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

Stockholders' Equity	Common Stock Shares	Common Stock Amount	Additional Paid in-Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
Balance, December 31, 2021	59,355,558	$ 595	$ 1,017,523	$ (1,510)	$ (283,104)	$ —	$ 733,504
Issuance of common stock upon exercise of stock awards	195,485	2	3,608	—	—	—	3,610
Issuance of common stock under the Employee Stock Purchase Plan	105,597	1	2,091	—	—	—	2,092
Issuance of restricted stock units	341,073	3	(3)	—	—	—	—
Comprehensive loss	—	—	—	(5,442)	(55,181)	—	(60,623)
Stock-based compensation	—	—	48,913	—	—	—	48,913
Balance, December 31, 2022	59,997,713	601	1,072,132	(6,952)	(338,285)	—	727,496
Issuance of common stock upon exercise of stock awards	344,383	3	3,409	—	—	—	3,412
Issuance of common stock under the Employee Stock Purchase Plan	98,029	1	1,976	—	—	—	1,977
Issuance of restricted stock units	558,066	6	(6)	—	—	—	—
Contribution from non-controlling interest owners	—	—	—	—	—	500	500
Comprehensive income (loss)	—	—	—	8,243	(133,133)	(163)	(125,053)
Stock-based compensation	—	—	53,755	—	—	—	53,755
Balance, December 31, 2023	60,998,191	611	1,131,266	1,291	(471,418)	337	662,087
Sale of common stock and pre-funded warrants, net of issuance cost	8,093,712	81	189,098	—	—	—	189,179
Issuance of common stock upon exercise of stock awards	458,857	4	6,309	—	—	—	6,313
Issuance of common stock under the Employee Stock Purchase Plan	96,234	1	1,659	—	—	—	1,660
Issuance of restricted stock units	609,114	6	(6)	—	—	—	—
Comprehensive loss	—	—	—	(1,954)	(232,618)	(3,922)	(238,494)
Stock-based compensation	—	—	53,281	—	—	—	53,281
Balance, December 31, 2024	**70,256,108**	**$ 703**	**$ 1,381,607**	**$ (663)**	**$ (704,036)**	**$ (3,585)**	**$ 674,026**

See accompanying notes to the financial statements.

Xencor, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Cash flows from operating activities			
Consolidated net loss	$ (236,540)	$ (133,296)	$ (55,181)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	12,107	11,498	8,799
(Accretion of discount) amortization of premium on marketable debt securities	(16,044)	(13,635)	127
Stock-based compensation	53,281	53,755	48,913
Abandonment of capitalized intangible assets	2,329	1,267	1,510
Loss on disposal of assets	1,577	1,379	145
Gain on sale of available-for-sale marketable debt securities	(37)	—	—
Equity received in connection with license agreement	—	(10,000)	(5,397)
Change in fair value of equity securities	31,422	395	(23,434)
Impairment on equity securities	20,430	—	138
Noncash royalty revenue related to sale of future royalties	(66,906)	(14,575)	—
Noncash interest expense	36,593	6,153	—
Changes in operating assets and liabilities:			
Accounts receivable	(32,673)	19,833	37,387
Interest receivable from marketable debt securities	(3,441)	(1,028)	(530)
Prepaid expenses and other assets	159	5,103	634
Income taxes	(4,484)	13,633	—
Accounts payable	2,845	3,826	(3,913)
Accrued expenses	(4,347)	4,836	(715)
Lease liabilities and ROU assets	1,541	3,250	22,976
Deferred revenue	—	(30,320)	(6,974)
Net cash (used in) provided by operating activities	(202,188)	(77,926)	24,485
Cash flows from investing activities			
Proceeds from maturities of marketable debt securities available-for-sale	565,358	693,090	306,607
Proceeds from sale of marketable debt securities available-for-sale	24,696	—	—
Proceeds from sale of equity securities	6,640	—	—
Proceeds from sale of property and equipment	—	1	—
Purchase of marketable securities	(595,054)	(782,905)	(387,928)
Purchase of intangible assets	(3,415)	(2,803)	(4,910)
Purchase of property and equipment	(6,097)	(18,448)	(38,494)
Conversion of convertible note	—	—	5,000
Net cash used in investing activities	(7,872)	(111,065)	(119,725)
Cash flows from financing activities			
Proceeds from issuance of common stock and pre-funded warrants	201,256	—	—
Common stock and pre-funded warrants issuance costs	(12,077)	—	—
Proceeds from issuance of common stock upon exercise of stock awards	6,313	3,412	3,610
Proceeds from issuance of common stock from Employee Stock Purchase Plan	1,660	1,977	2,092
Proceeds from sale of future royalties	—	183,330	—
Proceeds from non-controlling interest	—	500	—
Net cash provided by financing activities	197,152	189,219	5,702
Net (decrease) increase in cash, cash equivalents, and restricted cash	(12,908)	228	(89,538)
Cash, cash equivalents, and restricted cash, beginning of year	54,170	53,942	143,480
Cash, cash equivalents, and restricted cash, end of year	$ 41,262	$ 54,170	$ 53,942

	Year Ended December 31,		
	2024	2023	2022
Supplemental disclosures of cash flow information			
Cash paid for:			
Interest	$ 33	$ 22	$ 13
Taxes	6,100	—	700
Supplemental schedule of noncash activities			
Net unrealized (loss) gain on marketable debt securities available-for-sale	$ (1,954)	$ 8,243	$ (5,442)
Addition of right-of-use asset	7,166	2,462	6,155
Reconciliation of cash, cash equivalents, and restricted cash reported in the balance sheets			
Cash and cash equivalents	40,875	$ 53,790	$ 53,942
Restricted cash	387	$ 380	$ —
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 41,262	$ 54,170	$ 53,942

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

Description of Business

Xencor, Inc. (we, us, our, or the Company) was incorporated in California in 1997 and reincorporated in Delaware in September 2004. We are a clinical-stage biopharmaceutical company focused on discovering and developing engineered antibody therapeutics to treat patients with cancer and autoimmune diseases, who have unmet medical needs. We use our protein engineering capabilities to design new technologies and XmAb® drug candidates with improved properties. We advance these candidates into clinical-stage development, where we are conducting Phase 1 and Phase 2 studies for a broad portfolio of programs, to determine which programs we advance into later stages of development and potentially commercialization, which programs we partner to access complementary resources to optimize development, and which programs we discontinue.

Our operations are based in Pasadena, California and San Diego, California.

Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Xencor, Inc. and its subsidiary Gale Therapeutics Inc. (Gale), a variable interest entity (VIE) in which the Company is the primary beneficiary. As of December 31, 2024, the Company owned less than 100% of Gale, the Company recorded net loss attributable to non-controlling interests in its consolidated statements of loss equal to the percentage of the economic or ownership interests retained in Gale by the non-controlling party. In January 2025, Gale became a wholly-owned subsidiary of the Company and will be fully consolidated from the date on which control is transferred to the Company.

The Company's consolidated financial statements as of December 31, 2024, 2023, and 2022 and for the years then ended have been prepared in accordance with accounting principles generally accepted in the United States (U.S.).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, other comprehensive income (loss) and the related disclosures. On an ongoing basis, management evaluates its estimates, including estimates related to its accrued clinical trial and manufacturing development expenses, stock-based compensation expense, evaluation of intangible assets, investments, leases and other assets for evidence of impairment, fair value measurements, and contingencies. Significant estimates in these financial statements include estimates made for royalty revenue, interest expense under the royalty sale agreements, accrued research and development expenses, stock-based compensation expenses, intangible assets, incremental borrowing rate for right-of-use (ROU) asset and lease liability, estimated standalone selling price of performance obligations, estimated time for completing delivery of performance obligations under certain arrangements, the likelihood of recognizing variable consideration, the carrying value of equity instruments without a readily determinable fair value, and recoverability of deferred tax assets.

Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures,* which requires disclosures about significant segment expenses and additional interim disclosure requirements. The standard also requires a single reportable segment company to provide all disclosures required by Topic 280. The Company adopted ASU 2023-07 during the year ended December 31, 2024. See Note 13 for the segment disclosures as required by Topic 280, as amended by ASU 2023-07.

Pronouncements Not Yet Effective

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*, which is effective for fiscal years beginning on and after December 15, 2024, and interim periods within those fiscal years. The standard provides more transparency about income tax information through improvements to income tax

disclosures primarily related to the rate reconciliation and income taxes paid information. The Company does not anticipate that the standard will have a significant impact on its financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)*, which is effective for fiscal years beginning on and after December 15, 2026, and interim periods beginning after December 15, 2027. The standard requires disaggregated disclosure of income statement expenses for public business entities. It does not change the expense captions an entity presents on the face of the income statement, but it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. The Company does not anticipate that the standard will have a significant impact on its financial statements.

Variable Interest Entity

A VIE is a legal entity that, by design, 1) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, 2) has equity investors that lack the power to direct the entity's activities, 3) has investors with limited obligation to absorb expected losses, or 4) has investors who do not have the right to receive the residual returns of the entity. The primary beneficiary of a VIE is the party with the controlling financial interest and has the power to direct the activities of the VIE that most significantly impact the entity's economic performance and has the obligation to absorb losses of the VIE, or the right to receive benefits of the VIE that could be potentially significant to the VIE.

On December 19, 2023, we entered into the Gale License and Gale Services Agreements, (as defined in Note 10). We consolidated Gale's financial statements in which we have direct controlling financial interest based on the VIE model.

We consider all the facts and circumstances, including our role in establishing Gale and our ongoing rights and responsibilities to assess where we have the power to direct the activities of Gale. In general, the parties that make the most significant decisions affecting the VIE and have the right to remove those decision-makers unilaterally or by majority vote are deemed to have the power to direct the activities of a VIE.

At Gale's inception, we determined whether we were the primary beneficiary and if Gale should be consolidated based on facts and circumstances. Under the rules of determining whether an entity is a VIE, we determined that Gale is a VIE and we are the primary beneficiary. We continuously assess whether we are the primary beneficiary of Gale as changes to existing relationships or future transactions may result in us consolidating or deconsolidating Gale.

Liability Related to the Sale of Future Royalties

We record a liability related to the sale of future royalties as debt, amortized under the effective interest rate method over the estimated life of the royalty sale agreements. See Note 11. The amortization of the liability related to the sale of future royalties is based on our current estimate of future royalty payments to be made to OMERS. Royalty revenue will be recognized as earned, and the payments made will be a reduction of the liability when paid.

Non-Cash Interest Expense on the Liability Related to the Sale of Future Royalties

The total expected royalty payments less the net proceeds received will be recorded as non-cash interest expense over the life of the liability. Interest is imputed on the unamortized portion using the effective interest method and expense is recorded based on the timing of the payments received by OMERS over the term of the royalty sale agreement. The actual interest rate will be affected by the timing of royalty payments made and changes in the forecasted revenue.

Revenue Recognition

We have, to date, earned revenue from research and development collaborations, which may include research and development services, licenses of our internally developed technologies, licenses of our internally developed drug candidates, or combinations of these.

The terms of our license, research and development, and collaboration agreements generally include non-refundable upfront payments, research funding, co-development payments and reimbursements, license fees, and milestone and other contingent payments to us for the achievement of defined collaboration objectives and certain clinical, regulatory and sales-based events, as well as royalties on sales of any commercialized products.

The terms of our licensing agreements include non-refundable upfront fees, annual licensing fees, and contractual payment obligations for the achievement of pre-defined preclinical, clinical, regulatory and sales-based events by our partners. The licensing agreements also include royalties on sales of any commercialized products by our partners.

We recognize revenue through the five-step process in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

Deferred Revenue

Deferred revenue arises from payments received in advance of the culmination of the earnings process. We have classified deferred revenue for which we stand ready to perform within the next 12 months as a current liability. We recognize deferred revenue as revenue in future periods when the applicable revenue recognition criteria have been met. There was no deferred revenue reported at December 31, 2024 or 2023.

Accounts Receivable

Accounts receivable primarily consists of royalty and milestone revenues receivable from our license and collaboration agreements, as well as receivables arising from cost-sharing development activities. We did not record an allowance for credit losses at December 31, 2024 or 2023 due to an immaterial allowance as a result of our evaluation of credit risk under ASC 326, *Financial Instruments - Credit Losses*. We expect to collect all receivables within the terms, which are generally between 30 and 60 days.

Research and Development Expenses

Research and development expenses include costs we incur for our own and for our collaborators' research and development activities. Research and development costs are expensed as incurred. These costs consist primarily of salaries and benefits, including associated stock-based compensation, laboratory supplies, facility costs, and applicable overhead expenses of personnel directly involved in the research and development of new technology and products, as well as fees paid to other entities that conduct certain research and development activities on our behalf. We estimate preclinical study and clinical trial expenses based on the services performed pursuant to the contracts with research institutions and clinical research organizations that conduct and manage preclinical studies and clinical trials on our behalf based on the actual time and expenses they incurred. Further, we accrue expenses related to clinical trials based on the level of patient enrollment and activity according to the related agreement. We monitor patient enrollment levels and related activity to the extent reasonably possible and adjust estimates accordingly.

We capitalize acquired research and development technology licenses and third-party contract rights where such assets have an alternative use and amortize the costs over the shorter of the license term or the expected useful life. We review the license arrangements and the amortization period on a regular basis and adjust the carrying value or the amortization period of the licensed rights if there is evidence of a change in the carrying value or useful life of the asset.

Cash and Cash Equivalents

We consider cash equivalents to be only those investments which are highly liquid, readily convertible to cash and which mature within three months from the date of purchase.

Restricted Cash

As of December 31, 2024, we had an outstanding letter of credit (LOC) collateralized by a money market account of $0.4 million, to the benefit of the landlord related to our San Diego facility lease. The terms of the lease provide that the amount of the LOC will be reduced on a ratable basis over the term of the lease. The amount of the LOC was classified as long-term restricted cash as of December 31, 2024.

Marketable Debt and Equity Securities

We have an investment policy that includes guidelines on acceptable investment securities, minimum credit quality, maturity parameters, and concentration and diversification. We invest its excess cash primarily in marketable debt securities issued by investment grade institutions.

We consider our marketable debt securities to be available-for-sale and do not intend to sell these securities, and it is not more likely than not we will be required to sell the securities before recovery of the amortized cost basis. These assets are carried at fair value and any impairment losses and recoveries related to the underlying issuer's credit standing are recognized within other income (expense), while non-credit related impairment losses and recoveries are recognized within accumulated other comprehensive income (loss). There were no impairment losses or recoveries recorded for the years ended in December 31, 2024 and 2023, respectively. Accrued interest on marketable debt securities is included in the marketable securities' carrying value. Accrued interest was $5.7 million and $2.3 million at December 31, 2024 and 2023, respectively. Each reporting period, we review our portfolio of marketable debt securities, using both quantitative and qualitative factors, to determine if each security's fair value has declined below its amortized cost basis. During the years ended December 31, 2024 and 2023, we recorded an unrealized loss of $2.0 million and an unrealized gain of $8.2 million, respectively, in our portfolio of marketable debt securities. The unrealized loss was due to the changing interest rate environment and is not due to changes in the credit quality of the underlying securities. The unrealized gain (loss) were recorded in other comprehensive income (loss) for the years then ended.

We receive equity securities in connection with certain licensing transactions with our partners. These investments in equity securities are carried at fair value with changes in fair value recognized each period and reported within other income (expense). For equity securities with a readily determinable fair value, we remeasure these equity investments at each reporting period until such time that the investment is sold or disposed. If the Company sells an investment, any realized gains or losses on the sale of the securities will be recognized within other income (expense) in the consolidated statement of loss in the period of sale.

We also have had investments in equity securities without a readily determinable fair value, where we elect the measurement alternative to record at their initial cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. In connection with equity securities without readily determinable fair value, we recorded impairment charges of $20.4 million and $0.1 million, for the years ended December 31, 2024 and 2022, respectively. During the year ended December 31, 2023, we did not record an impairment charge. As of December 31, 2024, we do not hold any equity securities without a readily determinable fair value.

During the years ended December 31, 2024 and 2023, we recorded a net loss of $31.4 million and $0.4 million, respectively, in connection with its equity investments. During the year ended December 31, 2022, we recorded a net gain of $23.4 million.

Concentrations of Risk

Cash, cash equivalents, restricted cash, marketable debt securities and accounts receivable are financial instruments that potentially subject us to concentrations of risk. We invest our cash in corporate debt securities and U.S. sponsored agencies with strong credit ratings. We have established guidelines relative to diversification and maturities that are designed to help ensure safety and liquidity. These guidelines are periodically reviewed to take advantage of trends in yields and interest rates.

Cash, cash equivalents, and restricted cash are maintained at financial institutions, and at times, balances may exceed federally insured limits. We have never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2024 and 2023 approximated $40.8 million and $53.8 million, respectively.

Concentration of credit risk with respect to accounts receivable are from our licensing and collaboration agreements. To mitigate such risk, we monitor the amounts owed to us under such agreements. We have receivables with two customers that represent 76% of our total receivables and with three customers and service providers that represent 76% of our total receivables at December 31, 2024 and 2023, respectively. The receivables are related to cost share reimbursement and milestones and royalty revenues from our licensing and collaboration agreements. Payment on receivables relating to non-cash royalty revenue earned under the Ultomiris and Monjuvi Royalty Sale Agreements are made directly to OMERS. No other customer accounted for more than 10% of total receivables at December 31, 2024 or 2023.

We have payables with three service providers that represent 39% of our total payables and with two service providers that represented 38% of our total payables at December 31, 2024 and 2023, respectively. We rely on five critical suppliers for the manufacture of our drug product for use in our clinical trials. While we believe that there are alternative vendors available, a change in manufacturing vendors could cause a delay in the availability of drug product and result in a delay of conducting and completing our clinical trials. No other vendor accounted for more than 10% of total payables at December 31, 2024 or 2023.

Fair Value of Financial Instruments

Our financial instruments primarily consist of cash and cash equivalents, marketable debt and equity securities, accounts receivable, accounts payable, and accrued expenses. Marketable debt securities and cash equivalents are carried at fair value. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. The fair value of the other financial instruments closely approximates their fair value due to their short maturities.

The Company accounts for recurring and non-recurring fair value measurements in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a fair value hierarchy for assets and liabilities measured at fair value, and requires expanded disclosure about fair value measurements. The ASC 820 hierarchy ranks the quality of reliable 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 or 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 or liabilities in active markets or quoted prices for identical assets or liabilities in markets that are not active. 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 the reporting entity – e.g., determining an appropriate discount factor for illiquidity associated with a given security.

The Company measures the fair value of financial assets using the highest level of inputs that are reasonably available as of the measurement date. The assets recorded at fair value are classified within the hierarchy as follows for the periods reported (in thousands):

	December 31, 2024		
	Total Fair Value	Level 1	Level 2
Money Market Funds in Cash and Cash Equivalents	$ 26,180	$ 26,180	$ —
Corporate Securities	142,873	—	142,873
Government Securities	522,931	—	522,931
Equity Securities	47,929	47,929	—
	$ 739,913	$ 74,109	$ 665,804

	December 31, 2023		
	Total Fair Value	Level 1	Level 2
Money Market Funds in Cash and Cash Equivalents	$ 25,520	$ 25,520	$ —
Corporate Securities	228,723	—	228,723
Government Securities	414,514	—	414,514
Equity Securities	42,210	42,210	—
	$ 710,967	$ 67,730	$ 643,237

Our policy is to record transfers of assets between Level 1 and Level 2 at their fair values as of the end of each reporting period, consistent with the date of the determination of fair value. During the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred, while renewals and improvements are capitalized. Useful lives by asset category are as follows:

Computers, software and equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Leasehold and tenant improvements	Shorter of asset life or remaining lease term

Patents, Licenses, and Other Intangible Assets

The cost of acquiring licenses is capitalized and amortized on the straight-line basis over the shorter of the term of the license or its estimated economic life, ranging from 1 to 20.2 years. Third-party costs incurred for acquiring patents are capitalized. Capitalized costs are accumulated until the earlier of the period that a patent is issued, or we abandon the patent claims. Cumulative capitalized patent costs are amortized on a straight-line basis from the date of issuance over the shorter of the patent term or the estimated useful economic life of the patent, ranging from 2 to 27 years. Our senior management, with advice from outside patent counsel, assesses three primary criteria to determine if a patent will be capitalized initially: i) technical feasibility, ii) magnitude and scope of new technical function covered by the patent compared to our existing technology and patent portfolio, particularly assessing the value added to our product candidates or licensing business, and iii) legal issues, primarily assessment of patentability and prosecution cost. We review our intellectual property on a regular basis to determine if there are changes in the estimated useful life of issued patents and if any capitalized costs for unissued patents should be abandoned. Capitalized patent costs related to abandoned patent filings are charged off in the period of the decision to abandon. During the years ended December 31, 2024, 2023, and 2022, we abandoned previously capitalized patent and licensing related charges of $2.3 million, $1.3 million, and $1.5 million, respectively.

The carrying amount and accumulated amortization of patents, licenses, and other intangibles is as follows (in thousands):

	December 31,	
	2024	2023
Patents, definite life	$ 16,854	$ 15,340
Patents, pending issuance	10,396	9,723
Licenses and other amortizable intangible assets	2,430	4,007
Nonamortizable intangible assets (trademarks)	399	399
Total gross carrying amount	30,079	29,469
Accumulated amortization—patents	(9,742)	(8,663)
Accumulated amortization—licenses and other	(1,852)	(2,143)
Total intangible assets, net	$ 18,485	$ 18,663

Amortization expense for patents, licenses, and other intangible assets was $1.3 million, $1.3 million, and $1.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Future amortization expense for patents, licenses, and other intangible assets recorded as of December 31, 2024, and for which amortization has commenced, is as follows:

	Year Ended December 31,
	(in thousands)
2025	$ 1,015
2026	1,037
2027	985
2028	849
2029	607
Thereafter	3,197
Total	$ 7,690

The above amortization expense forecast is an estimate. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, impairment of intangible assets, accelerated amortization of intangible assets, and other events. As of December 31, 2024, the Company has $10.4 million of intangible assets which are in-process and have not been placed in service, and accordingly amortization on these assets has not commenced.

Long-Lived Assets

Management reviews long-lived assets which include fixed assets, amortizable intangibles, and ROU assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

We did not recognize a loss from impairment for the years ended December 31, 2024, 2023, or 2022.

Income Taxes

We account for income taxes in accordance with accounting guidance which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are

expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where there is greater than 50% likelihood that a tax benefit will be sustained, we have recorded the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is a 50% or less likelihood that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. Unrecognized tax benefits were $8.9 million at December 31, 2024 and 2023. We did not have any material unrecognized tax benefits at December 31, 2022.

Our policy is to recognize interest and penalties on taxes, if any, as a component of income tax expense. Interest and penalties of $1.7 million have been recorded through the year ended December 31, 2024.

The Tax Cuts and Jobs Act of 2017 (TCJA) enacted on December 22, 2017 included several key provisions impacting the accounting for and reporting of income taxes. The most significant provisions reduced the U.S. corporate statutory tax rate from 35% to 21%, eliminated the corporate Alternative Minimum Tax (AMT) system, and made changes to the carryforward of net operating losses beginning on January 1, 2018. The TCJA changed the income tax treatment of research and development expenses requiring such costs to be capitalized and amortized over several years beginning effective January 1, 2022. We recorded income tax expense of $1.6 million, $13.7 million and $0.7 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Stock-Based Compensation

We recognize compensation expense using a fair-value-based method for costs related to all share-based payments, including stock options, restricted stock units (RSUs), and shares issued under our Employee Stock Purchase Plan (ESPP). Stock-based compensation cost related to employees, directors and consultants is measured at the grant date, based on the fair-value-based measurement of the award using the Black-Scholes method, and is recognized as expense over the requisite service period on a straight-line basis. We account for forfeitures when they occur. We recorded stock-based compensation and expense for stock-based awards to employees, directors, and consultants of approximately $53.3 million, $53.8 million, and $48.9 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Net Loss Per Share

Basic net loss per common share attributable to Xencor is computed by dividing the net loss attributable to Xencor by the weighted-average number of common shares outstanding during the period without consideration of common stock equivalents. Diluted net loss per common share attributable to Xencor is computed by dividing the net loss attributable to Xencor by the weighted-average number of common stock equivalents outstanding for the period. Potentially dilutive securities consisting of stock issuable pursuant to outstanding options and restricted stock units (RSUs), and stock issuable pursuant to the 2013 Employee Stock Purchase Plan (ESPP) are not included in the per common share calculation in periods when the inclusion of such shares would have an anti-dilutive effect.

Basic and diluted net loss per common share attributable to Xencor for the years ended December 31, 2024, 2023, and 2022, is computed by dividing the net loss attributable to Xencor by the weighted-average number of common shares outstanding during the period. In 2024, 2023, and 2022, we excluded all options and awards from the calculations of diluted net income per common share attributable to Xencor because we reported net losses in the period, and the inclusion of such shares would have had an antidilutive effect.

	Year Ended December 31,		
	2024	2023	2022
	(in thousands, except share and per share data)		
Basic and diluted:			
Numerator:			
Net loss attributable to Xencor, Inc.	$ (232,618)	$ (133,133)	$ (55,181)
Denominator:			
Weighted-average common shares outstanding	65,041,265	60,503,283	59,652,461
Basic and diluted net loss per common share attributable to Xencor, Inc.	$ (3.58)	$ (2.20)	$ (0.93)

For the years ended December 31, 2024, 2023, and 2022, all outstanding potentially dilutive securities were excluded from the calculation as the effect of including such securities would have been anti-dilutive.

Segment Reporting

The Company determines its segment reporting based upon the way the business is organized for making operating decisions, allocating resources and assessing performance by the chief operating decision maker (CODM) or decision-making group. The Company has only one operating segment related to the development of pharmaceutical products. See Note 13 to these consolidated financial statements for additional discussion.

2. Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive income (loss). For the years ended December 31, 2024, 2023, and 2022, the only component of other comprehensive income (loss) is net unrealized gain (loss) on marketable debt securities. There were no material reclassifications out of accumulated other comprehensive income (loss) during the year ended December 31, 2024.

3. Marketable Debt and Equity Securities

The Company's marketable debt securities held as of December 31, 2024 and 2023 are summarized below:

	December 31, 2024			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money Market Funds	$ 26,180	$ —	$ —	$ 26,180
Corporate Securities	142,688	185	—	142,873
Government Securities	523,769	647	(1,485)	522,931
	$ 692,637	$ 832	$ (1,485)	$ 691,984
Reported as				
Cash and cash equivalents				$ 26,180
Marketable debt securities				665,804
Total investments				$ 691,984

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)				
Money Market Funds	$ 25,520	$ —	$ —	$ 25,520
Corporate Securities	228,382	342	(1)	228,723
Government Securities	413,553	1,037	(76)	414,514
	$ 667,455	$ 1,379	$ (77)	$ 668,757
Reported as				
Cash and cash equivalents				$ 25,520
Marketable debt securities				643,237
Total investments				$ 668,757

The maturities of the Company's marketable debt securities as of December 31, 2024 are as follows:

	Amortized Cost	Estimated Fair Value
(in thousands)		
Mature in one year or less	$ 408,337	$ 408,971
Mature within two years	258,120	256,833
	$ 666,457	$ 665,804

The unrealized losses on available-for-sale investments and their related fair values as of December 31, 2024 and 2023 are as follows:

	December 31, 2024			
	Less than 12 months		12 months or greater	
	Fair value	Unrealized losses	Fair value	Unrealized losses
(in thousands)				
Government Securities	$ 42,794	$ (115)	$ 223,961	$ (1,370)

	December 31, 2023			
	Less than 12 months		12 months or greater	
	Fair value	Unrealized losses	Fair value	Unrealized losses
(in thousands)				
Corporate Securities	$ 8,073	$ (1)	$ —	$ —
Government Securities	66,546	(76)	—	—
	$ 74,619	$ (77)	$ —	$ —

The unrealized losses from the available-for-sale securities are due to changes in the interest rate environment and not changes in the credit quality of the underlying securities in the portfolio.

The Company's equity securities include securities with a readily determinable fair value and have included securities without a readily determinable fair value. Equity securities with a readily determinable fair value are carried at fair value with changes in fair value recognized each period and reported within other income (expense), net. For equity securities without a readily determinable fair value, the Company elects the measurement alternative to record these

investments at their initial cost and evaluates such investments at each reporting period for evidence of impairment, or observable price changes in orderly transactions for the identical or similar investment of the same issuer.

In 2018, the Company received common and preferred stock in Astria Therapeutics, Inc. (Astria) (formerly Quellis Biosciences, Inc.) in connection with a licensing transaction.The Company recorded shares in Astria common stock at their fair value each reporting period, and the adjustment in the fair value of the Astria common stock was recorded in unrealized gain (loss) in equity securities. The Company recorded its investment in the shares of Astria preferred stock as an equity interest without a readily determinable fair value. The Company elected to record the original shares of preferred stock at their initial cost and to review the carrying value for impairment or other changes in carrying value at each reporting period. The Company subsequently recorded impairment charges of $0.1 million related to its investment in Astria's preferred stock in 2022.

In 2023, the Company exchanged its preferred shares for additional shares of common stock in Astria. The common stock had a readily determinable fair value, and difference in the fair value of the common stock and the carrying value of the preferred stock was recorded as a gain in equity securities for the year ended December 31, 2023.

In 2024, the Company sold all of its 697,867 shares of common stock of Astria, and the Company no longer held any share of common stock of Astria as of December 31, 2024. The Company recognized realized gain of $1.3 million from the sale of the common stock for the year ended December 31, 2024. The Company recognized unrealized (loss) gain of $(4.3) million and $6.1 million related to its equity interest in Astria for the years ended December 31, 2023 and 2022, respectively.

In 2017, the Company received shares of common stock of INmune Bio, Inc. (INmune) and an option to acquire additional shares of INmune's common stock in connection with a licensing transaction. The Company subsequently exchanged the option for additional shares of INmune common stock. The Company recorded the INmune common stock at its fair value each reporting period, and the adjustment in the fair value of the shares of INmune common stock was recorded in gain (loss) on equity securities. The Company recorded $(12.4) million, $9.3 million, and $(7.3) million of unrealized (loss) gain related to its investment in INmune for the years ended December 31, 2024, 2023, and 2022, respectively.

In 2021, the Company received shares of common stock of Viridian Therapeutics, Inc. (Viridian) in connection with a licensing transaction. In 2022, the Company received additional shares of common stock of Viridian in connection with a second licensing transaction. The shares of Viridian common stock are classified as equity securities with a readily determinable fair value, and the adjustment in the fair value of the shares of Viridian common stock was recorded in gain (loss) on equity securities. The Company recorded $(1.9) million, $(5.3) million, and $6.8 million of unrealized (loss) gain related to its investment in Viridian for the years ended December 31, 2024, 2023, and 2022, respectively.

In 2020, the Company received an equity interest in preferred stock in Zenas BioPharma (Cayman) Limited, now Zenas BioPharma, Inc. (Zenas) with a fair value of $16.1 million, in connection with the Zenas Agreement (defined below). The Company elected the measurement alternative to carry the Zenas equity at cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or a similar investment of the same issuer. In 2021, the Company received a warrant to receive equity from Zenas with a fair value of $14.9 million in connection with the Second Zenas Agreement (defined below). In addition, the Company purchased a convertible promissory note from Zenas.

In 2022, Zenas completed a financing transaction, pursuant to which a warrant to purchase Zenas equity that was held by the Company was automatically exercised, and a convertible promissory note issued to the Company by Zenas was automatically converted, with both converting into shares of Zenas' preferred stock. After the financing transaction, the Company continued to record our investment in Zenas at fair value adjusted at each reporting period for impairment or other evidence of change in value. As a result of the Zenas financing transaction, the estimated fair value of our investment in equity securities increased by $17.9 million.

In 2023, Zenas initiated a Phase 3 trial, and the Company received a milestone payment of additional equity in preferred stock in Zenas with a fair value of $10.0 million. In the first half of 2024, the Company recorded an impairment charge of $20.4 million related to its investment in Zenas' preferred stock as a result of an impairment analysis using the measurement alternative for the valuation of a security without a readily determinable fair value.

On September 16, 2024, following the closing of Zenas' initial public offering, the Company's preferred stock in Zenas was automatically converted to 3,098,380 shares of common stock which were then classified as equity securities with a readily determinable fair value. The Company subsequently discontinued the use of the measurement alternative in valuing its equity interest in Zenas. The Company subsequently recorded an unrealized loss of $18.4 million for the year ended December 31, 2024.

Equity securities with a readily determinable fair value and their fair values (in thousands) as of December 31, 2024 and 2023 are as follows:

	Fair Value December 31, 2024	Fair Value December 31, 2023
Astria Common Stock	$ —	$ 5,360
INmune Common Stock	8,805	21,231
Viridian Common Stock	13,748	15,619
Zenas Common Stock	25,376	—
	$ 47,929	$ 42,210

Equity securities without a readily determinable fair value and their carrying values (in thousands) as of December 31, 2024 and 2023 are as follows:

	Carrying Value December 31, 2024	Carrying Value December 31, 2023
Zenas Preferred Stock	—	64,210

Net (loss) gain recorded related to these equity securities are recorded under other income (expense). Below is a reconciliation of net gain (loss) recorded on equity securities (in thousands) during the year ended December 31, 2024 and 2023:

	Year Ended December 31,		
	2024	2023	2022
Net (loss) gain recorded on equity securities	$ (31,422)	$ (395)	$ 23,434
Less: Net gain recorded on sale of equity securities	1,280	—	—
Unrealized (loss) gain recorded on equity securities held at the reporting date	$ (32,702)	$ (395)	$ 23,434

4. Sale of Additional Common Stock

In September 2024, the Company completed an underwritten public offering pursuant to an automatic universal shelf registration statement on Form S-3 of 8,093,712 shares of common stock which included 1,458,600 shares issued pursuant to our underwriters' exercise of their over-allotment option, as well as pre-funded warrants to purchase up to an aggregate of 1,458,600 shares of common stock with an exercise price of $0.01 per share. The Company received net proceeds of $189.2 million after deducting underwriting discounts, commissions, and offering expenses.

5. Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2024	2023
	(in thousands)	
Computers, software and equipment	$ 47,063	$ 49,782
Furniture and fixtures	128	158
Leasehold and tenant improvements	54,788	52,410
Total gross carrying amount	101,979	102,350
Less accumulated depreciation and amortization	(42,179)	(36,226)
Total property and equipment, net	$ 59,800	$ 66,124

Leasehold and tenant improvements consist primarily of leasehold construction at our Pasadena headquarters.

Depreciation expense related to property and equipment in 2024, 2023, and 2022 was $10.8 million, $10.1 million, and $7.4 million, respectively.

6. Income Taxes

Our effective tax rate differs from the statutory federal income tax rate, primarily as a result of the changes in valuation allowance. The provision for income taxes for the years ended December 31, 2024, 2023 and 2022 is as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Current			
Federal	513	11,472	672
State	1,104	2,190	1
	1,617	13,662	673
Deferred			
Federal	—	—	—
State	—	—	—
	—	—	—
Total	$ 1,617	$ 13,662	$ 673

A reconciliation of the federal statutory income tax to our effective income tax is as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Federal statutory income tax	$ (49,334)	$ (25,123)	$ (11,447)
State and local income taxes	(1,860)	(1,978)	(615)
Research and development credit	(12,124)	(15,816)	(9,366)
Stock-based compensation	4,712	3,132	3,384
Foreign-derived intangible income	—	(4,915)	(1,449)
Other	276	286	(74)
Change in state rate	1,661	(176)	44
Deferred tax adjustment	242	(1,199)	—
Net change in valuation allowance	56,390	57,313	20,196
Uncertain tax position	1,654	2,138	—
Income tax provision	$ 1,617	$ 13,662	$ 673

The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities at December 31, 2024 and 2023 is presented below (in thousands):

	December 31,	
	2024	2023
Deferred income tax assets		
Net operating loss carryforwards	$ 36,355	$ 22,275
Research credits	48,419	36,535
Lease liability	14,956	13,640
Accrued compensation	21,274	19,168
Deferred revenue	28,123	36,106
Licensing costs	68	—
Equity securities impairment	4,470	—
Capitalized research and development costs	93,843	72,836
Gross deferred income tax assets	247,508	200,560
Valuation allowance	(227,267)	(170,450)
Net deferred income tax assets	20,241	30,110
Deferred income tax liabilities		
Patent costs	(2,132)	(2,339)
Licensing costs	—	(143)
Capitalized legal costs	(2)	(6)
Depreciation	(9,272)	(10,659)
Right of use assets	(8,390)	(7,404)
Unrealized gain on securities	(445)	(9,559)
Gross deferred income tax liabilities	(20,241)	(30,110)
Net deferred income tax asset	$ —	$ —

The Tax Cuts and Jobs Act of 2017 (TCJA) was enacted in December 2017 and made substantial changes in the U.S. tax system. The significant changes made by the TCJA include a reduction in the maximum corporate income tax rate and the requirement that research and development costs incurred after December 31, 2021 to be capitalized and amortized over several years. We have recorded a deferred asset for each year ended December 31, 2024 and 2023, respectively, for such capitalized research and development costs. We have net deferred tax assets relating primarily to capitalized research

and development costs, net loss carryforwards and research and development tax credit carryforwards. Due to the uncertainty surrounding the realization of the benefits of our deferred tax assets in future tax periods, we have placed a valuation allowance against our deferred tax assets at December 31, 2024 and 2023. The Company recognizes valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. The Company's net deferred income tax asset is not more likely than not to be realized due to the lack of sufficient sources of future taxable income and cumulative losses that have resulted over the years. During the year ended December 31, 2024, the valuation allowance increased by $56.8 million. The Company is under examination for tax year 2022 by the Internal Revenue Service. Tax years starting in 2020 through 2021 and 2023 remain open to potential examination by the U.S. and state taxing authorities due to carryforwards of net operating losses and income tax credits.

As of December 31, 2024, we had cumulative net operating loss carryforwards for federal and state income tax purposes of $114.3 million and $176.9 million, respectively, and available tax credit carryforwards of approximately $26.0 million for federal income tax purposes and $28.4 million for state income tax purposes, which can be carried forward to offset future taxable income, if any. All of the federal net operating loss carryforwards were incurred prior to January 1, 2018, which are subject to carryforward limitations. To the extent allowed by law, taxing authorities may examine prior periods where net operating losses were carried forward and were claimed and offset against current year taxable income, and may make adjustments up to the amount of the net operating loss carryforward amount.

Our federal net operating loss carryforwards expire starting in 2027, and our state net operating loss carryforwards expire starting in 2035. Our federal tax credit carryforwards begin to expire in 2034. Utilization of our net operating loss and tax credit carryforwards are subject to a substantial annual limitation under Section 382 of the Internal Revenue Code due to the fact that we have experienced ownership changes. As a result of these changes, certain of our net operating loss and tax credit carryforwards may expire before we can use them.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Balance at January 1	$ 8,905	$ —	$ —
Increase related to prior period tax positions	—	1,054	—
Increase related to current year tax positions	—	7,851	—
Balance at December 31	$ 8,905	$ 8,905	$ —

Unrecognized tax benefits were $8.9 million at December 31, 2024 and 2023. We did not have any material uncertain tax positions at December 31, 2022. Our policy is to recognize interest and penalties on taxes, if any, as a component of income tax expense. The amount accrued for interest and penalties was $1.7 million as of December 31, 2024. Interest and penalties as of December 31, 2023 were not significant. If recognized, $8.3 million would affect the effective tax rate, subject to changes in the valuation allowance. We do not expect a significant change to unrecognized tax benefits in the next twelve months.

7. Stock-Based Compensation

In June 2023, the Company's Board of Directors (the Board) and shareholders approved the 2023 Plan, which became effective as of June 14, 2023, and superseded the 2013 Equity Incentive Plan (the 2013 Plan). No additional awards may be granted under the 2013 Plan.

The 2023 Plan reserve consists of 3,000,000 shares and the remaining available shares from the 2013 Plan as of the effective date of the 2023 Plan. In addition, any shares of common stock covered by awards granted under the 2013 Plan that terminate on or after June 14, 2023 by expiration, forfeiture, cancellation, or other means without the issuance of such shares will be added to the 2023 Plan reserve. The 2023 Plan does not include a provision for an automatic increase in shares, also known as an evergreen provision. As of December 31, 2024, the total number of shares of common stock available for issuance under the 2023 Plan was 18,367,000, which includes shares of common stock that were available for issuance under the 2013 Plan as of the effective date of the 2023 Plan.

During the year ended December 31, 2024, the Company awarded 2,401,251 options under the 2023 Plan to certain employees, consultants and non-employee directors. As of December 31, 2024, a total of 2,614,649 options were

granted under the 2023 Plan. During the year ended December 31, 2024, the Company awarded 1,078,070 RSUs under the 2023 Plan to certain employees and non-employee directors. The standard vesting of these awards is generally in three equal annual installments and is contingent on continued employment terms. As of December 31, 2024, a total of 1,164,737 RSUs were granted under the 2023 Plan.

In November 2013, the Board and shareholders approved the 2013 Employee Stock Purchase Plan (2013 ESPP), which became effective as of December 5, 2013. Under the ESPP, the Company's employees may elect to have between 1% and 15% of their compensation withheld to purchase shares of the Company's common stock at a discount. The ESPP had an initial two-year term that included four six-month purchase periods, and employee withholding amounts could be used to purchase Company stock during each six-month purchase period. The initial two-year term ended in December 2015 and, pursuant to the provisions of the ESPP, subsequent two-year terms began automatically upon the end of the previous term. The total number of shares that can be purchased with the withholding amounts are based on the lower of 85% of the Company's common stock price at the initial offering date or 85% of the Company's stock price at each purchase date.

As of December 31, 2024, the total number of shares of common stock available for issuance under the ESPP is 945,106. Under the 2013 ESPP, the total number shares of common stock available for issuance under the ESPP will automatically increase annually on January 1 by the lesser of (i) 1% of the total number of issued and outstanding shares of common stock as of December 31 of the immediately preceding year, or (ii) 621,814 shares of common stock. The automatic increase has expired, and the number of shares of common stock available for issuance under the ESPP was not increased on January 1, 2024. As of December 31, 2024, a total of 829,712 shares of common stock have been issued under the ESPP.

The Company extended vesting periods and expiration dates of equity awards for employees who retired in April 2024. There was a $3.1 million incremental expense as a result of the extension of the expiration dates, and there was a $1.2 million expense as a result of the extension of the vesting periods.

Total employee, director, and non-employee stock-based compensation expense recognized was as follows:

	Year Ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
General and administrative	$ 23,326	$ 19,239	$ 17,281
Research and development	29,955	34,516	31,632
	$ 53,281	$ 53,755	$ 48,913

	Year Ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Stock options	$ 31,147	$ 29,345	$ 29,758
ESPP	858	1,243	1,174
RSUs	21,276	23,167	17,981
	$ 53,281	$ 53,755	$ 48,913

Information with respect to stock options outstanding is as follows:

	December 31,		
	2024	**2023**	**2022**
Exercisable options	8,493,123	7,761,829	6,679,948
Weighted average exercise price per share of exercisable options	$ 29.97	$ 28.79	$ 26.99
Weighted average grant date fair value per share of options granted during the year	$ 22.31	$ 30.02	$ 29.45
Options available for future grants	4,213,124	6,801,945	3,622,319
Weighted average remaining contractual life	5.89	6.03	6.30

The following table summarizes stock option activity for the years ended December 31, 2024, 2023, and 2022:

	Number of Shares	Weighted-Average Exercise Price (Per Share)[1]	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)[2]
Balances at December 31, 2021	8,676,329	$ 29.11	6.65	$ 100,057
Options granted	2,135,233	29.45		
Options forfeited	(533,435)	34.09		
Options exercised[3]	(195,485)	18.46		
Balances at December 31, 2022	10,082,642	29.12	6.30	$ 27,141
Options granted	2,080,732	30.02		
Options forfeited	(676,005)	33.19		
Options exercised[3]	(344,383)	9.91		
Balances at December 31, 2023	11,142,986	29.60	6.03	9,977
Options granted	2,401,251	22.31		
Options forfeited	(715,299)	32.84		
Options exercised[3]	(458,857)	13.76		
Balances at December 31, 2024	12,370,081	$ 28.59	5.89	$ 10,386
As of December 31, 2024				
Options vested and expected to vest	12,370,081	$ 28.59	5.89	$ 10,386
Exercisable	8,493,123	$ 29.97	4.64	$ 8,493

[1] The weighted average exercise price per share is determined using exercise price per share for stock options.

[2] The aggregate intrinsic value is calculated as the difference between the exercise price of the option and the fair value of our common stock for in-the-money options at December 31, 2024, 2023, and 2022.

[3] The total intrinsic value of stock options exercised was $3.8 million, $4.8 million, and $1.6 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company estimated the fair value of employee and non-employee option awards and ESPP using the Black-Scholes valuation model. The fair value of employee stock options is being amortized on a straight-line basis over the requisite service period of the awards. Management estimates the probability of non-employee awards being vested based upon an evaluation of the non-employee achieving their specific performance goals. The fair value of the RSU awards is determined based on the intrinsic value of the stock on the date of grant and will be recognized as stock-based compensation expense over the requisite service period.

Options are issued at the fair market value of the Company's stock on the date of grant.

The fair value of employee stock options and ESPP was estimated using the following weighted-average assumptions for the years ended December 31, 2024, 2023 and 2022:

	Options		
	2024	2023	2022
Common stock fair value per share	$17.78 - 26.84	$20.14- 36.02	$19.74 - 38.08
Expected volatility	49.32% - 51.92%	49.75% - 52.48%	51.51% - 54.36%
Risk-free interest rate	3.64% - 4.66%	3.50% - 4.55%	1.57% - 4.34%
Expected dividend yield	—	—	—
Expected term (in years)	4.76 - 7.65	6.00 - 6.59	6.00 - 7.65

	ESPP		
	2024	2023	2022
Expected term (years)	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0
Expected volatility	42.97% - 54.62%	38.24% - 55.72%	43.19% - 55.72%
Risk-free interest rate	4.22% - 5.40%	0.13% - 5.39%	0.13% - 4.72%
Expected dividend yield	—	—	—

The expected term of stock options represents the average period the stock options are expected to remain outstanding. The expected stock price volatility for our stock options for the years ended December 31, 2024, 2023, and 2022 was determined using the volatility of our stock on a national stock exchange.

The Company determined the average expected life of stock options based on the anticipated time period between the measurement date and the exercise date by examining the option holders' past exercise patterns.

The risk-free interest rate assumption is based on the U.S. Treasury instruments for which the term was consistent with the expected term of our stock options.

The expected dividend assumption is based on our history and expectation of dividend payouts. The Company has not paid dividends and did not have any dividend payout at December 31, 2024.

The following table summarizes RSU activity for the years ended December 31, 2024, 2023, and 2022:

	Number of Shares	Weighted-Average Grant Date Fair Value (Per Unit)
Unvested at December 31, 2021	826,148	$ 37.79
Granted	875,330	29.45
Vested	(341,073)	37.37
Forfeited	(127,854)	33.66
Unvested at December 31, 2022	1,232,551	32.41
Granted	994,351	30.33
Vested	(558,066)	33.61
Forfeited	(178,796)	31.64
Unvested at December 31, 2023	1,490,040	30.66
Granted	1,078,070	22.42
Vested	(609,114)	31.41
Forfeited	(175,201)	28.75
Unvested at December 31, 2024	1,783,795	$ 25.52

As of December 31, 2024 and 2023, the unamortized compensation expense related to unvested stock options was $45.2 million and $49.2 million, respectively. The remaining unamortized compensation expense will be recognized over the next 2.5 years and 2.4 years, respectively.

At December 31, 2024 and 2023, the unamortized compensation expense under our ESPP was $0.9 million and $1.8 million, respectively. The remaining unamortized expense will be recognized over the next 0.9 years and 1.9 years, respectively.

At December 31, 2024 and 2023, the unamortized compensation expense related to unvested RSUs was $27.2 million and $29.6 million, respectively. The remaining unamortized compensation expense will be recognized over the next 1.8 years and 1.9 years, respectively.

8. Leases

The Company has leased office and laboratory space in Monrovia, California under two separate leases; one lease expired in January 2023, and a second lease will expire in December 2025. The second lease includes an option to renew for an additional five years at then market rates, and the Company assessed that it is unlikely to exercise the lease term extension option. In January 2023, an 18-month lease for additional office space in Monrovia, California had expired.

The Company has leased additional office space in San Diego, California under two separate leases; one lease expired on December 31, 2023. In August 2023, the Company entered into a Sublease Agreement for office space in San Diego, California. The term of the Sublease Agreement began in September 2023 and ends in December 2027. In connection with the Sublease Agreement, the Company provided a $0.4 million Letter of Credit (LOC) to the landlord. The Letter of Credit will decline ratably over the term of the lease. In connection with the LOC, Company entered into a Cash Collateral Agreement for $0.4 million, which is classified as restricted cash in the consolidated balance sheets.

In June 2021, the Company entered into an Agreement of Lease (the Pasadena Lease) relating to 129,543 rentable square feet, for laboratory and office space, in Pasadena, California. The term of the Pasadena Lease became effective in two phases. The first phase commenced on July 14, 2021 and encompasses 83,083 square feet while the second phase commences no later than July 1, 2025 and encompasses an additional 46,460 square feet. The term of the Pasadena Lease is 13 years from the first phase commencement date. The Company received delivery of the first phase premises on July 1, 2021 and completed construction of office, laboratory, and related improvements in 2023. The Pasadena Lease provides the Company with improvement allowances of up to $17.0 million and $3.3 million in connection with the Phase 1 and Phase 2 building improvements, respectively. The initial base monthly rent is $386,336, or $4.65 per square foot, and includes increases of three percent annually. The Company will also be responsible for its proportionate share of operating expenses, tax expense, and utility costs.

In July 2021, the Pasadena Lease was amended to clarify the start date of the new lease to August 1, 2022 and to amend other provisions of the Pasadena Lease to reflect the new start date of the lease. In August 2022, the Halstead lease was amended to increase the amount of the tenant allowance by $5.0 million with a corresponding increase in total rental payments. The Company is eligible to receive total tenant allowance under the lease for the phase 1 space of $22.0 million and the initial base rent is increased to $416,246, or $5.01 per square foot.

The second phase premises were made available on December 1, 2022. In January 2024, the Company entered into an amendment, in which the Company was paid $0.7 million of tenant improvement allowance from the second phase for HVAC costs in the first phase.

The Company’s lease agreements do not contain any residual value guarantees or restrictive covenants.

The following table reconciles the undiscounted cash flows for the operating leases at December 31, 2024 to the operating lease liabilities recorded on the balance sheet (in thousands):

Years ending December 31,	
2025	$ 7,451
2026	9,238
2027	9,560
2028	9,076
2029	9,331
Thereafter	57,104
Total undiscounted lease payments	101,760
Less: Tenant allowance	(2,536)
Less: Imputed interest	(30,877)
Present value of lease payments	$ 68,347
Lease liabilities - short-term	$ 3,009
Lease liabilities - long-term	65,338
Total lease liabilities	$ 68,347

The following table summarizes lease costs, cash, and other disclosures for the years ended December 31, 2024, 2023, and 2022 (in thousands):

	Year Ended December 31,		
	2024	**2023**	**2022**
Operating lease cost	$ 7,525	$ 8,459	$ 6,588
Variable lease cost	1,272	906	506
Total lease costs	$ 8,797	$ 9,365	$ 7,094
Cash paid for amounts included in the measurement of lease liabilities	$ 3,545	$ 3,253	$ 2,869
Weighted-average remaining lease term —operating leases (in years)	10.2	11.0	12.0
Weighted-average discount rate —operating leases	7.0 %	8.9 %	8.9 %

9. Commitments and Contingencies

Contingencies

From time to time, the Company may be subject to various litigation and related matters arising in the ordinary course of business. The Company does not believe it is currently subject to any material matters where there is at least a reasonable possibility that a material loss may be incurred.

The Company is obligated to make future payments to third parties under in-license agreements, including sublicense fees, royalties, and payments that become due and payable on the achievement of certain development and commercialization milestones. As the amount and timing of sublicense fees and the achievement and timing of these milestones are not probable and estimable, such commitments have not been included on our balance sheet. The Company has also entered into agreements with third-party vendors which will require us to make future payments upon the delivery of goods and services in future periods.

Guarantees

In the normal course of business, the Company indemnifies certain employees and other parties, such as collaboration partners and other parties that perform certain work on behalf of, or for the Company or take licenses to our technologies. The Company has agreed to hold these parties harmless against losses arising from our breach of representations or covenants, intellectual property infringement or other claims made against these parties in performance of their work with us.

These agreements typically limit the time within which the party may seek indemnification by us and the amount of the claim. It is not possible to prospectively determine the maximum potential amount of liability under these indemnification agreements since the Company has not had any prior indemnification claims on which to base the calculation. Further, each potential claim would be based on the unique facts and circumstances of the claim and the particular provisions of each agreement. The Company is not aware of any potential claims, and the Company did not record a liability as of December 31, 2024 and 2023.

10. Collaboration and Licensing Agreements

Following is a summary description of the material revenue arrangements, including arrangements that generated revenue in the period ended December 31, 2024, 2023, and 2022.

Alexion Pharmaceuticals, Inc.

In January 2013, the Company entered into an Option and License Agreement (the Alexion Agreement) with Alexion Pharmaceuticals, Inc. (Alexion). Under the terms of the agreement, the Company granted to Alexion an exclusive research license, with limited sublicensing rights, to make and use our Xtend technology. Alexion exercised its rights to include our technology in ALXN1210, which is now marketed as Ultomiris®.

The Company is eligible to receive royalties based on a percentage of net sales of Ultomiris sold by Alexion, its affiliates, or its sub licensees, which percentage is in the low single digits. Alexion's royalty obligations continue on a product-by-product and country-by-country basis until the expiration of the last-to-expire valid claim in a licensed patent covering the applicable product in such country.

In 2022, the Company recorded royalty revenue of $29.4 million in connection with reported net sales of Ultomiris by Alexion.

On November 3, 2023, the Company entered into the Ultomiris Royalty Sale Agreement with OMERS, in which OMERS acquired the rights to certain royalties associated with the existing license relating to Ultomiris in exchange for an upfront payment of $192.5 million. Included in the proceeds is $29.5 million of accounts receivable that the Company sold for royalties and milestone receivable at September 30, 2023. For the year ended December 31, 2023, the Company earned and recognized $44.9 million in royalty revenue, $12.5 million of which was non-cash royalty revenue under the Ultomiris Royalty Sale Agreement. In addition, Alexion completed certain sales milestones for Ultomiris in 2023, and the Company received a milestone payment of $20.0 million.

For the year ended December 31, 2024, the Company recognized $58.2 million of non-cash royalty revenue under the Ultomiris Royalty Sale Agreement.

The total revenue recognized under this arrangement was $58.2 million, $64.9 million, and $29.4 million for the years ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, the Company recorded a receivable of $16.1 million for royalties due related to the Ultomiris Royalty Sale Agreement and there is no deferred revenue related to the Alexion Agreement. Payment of this receivable will be made directly to OMERS.

Amgen Inc.

In September 2015, the Company entered into a research and license agreement (the Amgen Agreement) with Amgen Inc. (Amgen) to develop and commercialize bispecific antibody product candidates using the Company's proprietary XmAb® bispecific Fc technology. Amgen has advanced one of the discovery programs, xaluritamig, into Phase 3 clinical development. The Company is eligible to receive future regulatory and sales milestones for the xaluritamig

program and royalties on any global net sales of approved products. In December 2024, Amgen initiated a Phase 3 study of xaluritamig, and the Company recorded milestone revenue of $30.0 million.

The Company recognized $30.0 million of revenue for the year ended December 31, 2024. No revenue was recognized for the year ended December 31, 2023 or 2022. As of December 31, 2024, there is a receivable of $30.0 million, but there is no deferred revenue related to the Amgen Agreement.

Astellas Pharma Inc.

Effective March 2019, the Company entered into a Research and License Agreement (Astellas Agreement) with Astellas Pharma Inc. (Astellas) pursuant to which the Company and Astellas conducted a discovery program to characterize compounds and products for development and commercialization. Under the Astellas Agreement, Astellas was granted a worldwide exclusive license, with the right to sublicense products in the field created by the research activities.

The Company received an upfront payment and is eligible to receive development, regulatory and sales milestones. If commercialized, the Company is eligible to receive royalties on net sales that range from the high-single to low-double digit percentages.

In 2022, Astellas advanced ASP2138 into clinical development and initiated a Phase 1 study, and the Company received a $5.0 million milestone.

No revenue was recognized for the year ended December 31, 2024 or 2023. The Company recognized $5.0 million of revenue for the year ended December 31, 2022 under the Astellas Agreement. There is no deferred revenue as of December 31, 2024.

Genentech, Inc., and F. Hoffmann-La Roche Ltd.

In February 2019, the Company entered into a collaboration and license agreement (the Genentech Agreement) with Genentech, Inc. and F. Hoffman-La Roche Ltd (collectively, Genentech) for the development and commercialization of novel IL-15 collaboration products (Collaboration Products), including efbalropendekin alfa (XmAb306), the Company's IL-15/IL15Rα-Fc candidate.

Under the terms of the Genentech Agreement, Genentech received an exclusive worldwide license to XmAb306 and the Company shares in 45% of development and commercialization costs of Collaboration Products, and the Company is eligible to share in 45% of net profits and losses from the sale of approved products. In the fourth quarter of 2023, the Company agreed with Genentech to convert our current development cost and profit-sharing arrangement into a royalty and milestone payment-based arrangement. Pursuant to the terms of the amended agreement with Genentech, effective June 1, 2024, Genentech assumed sole responsibility over all clinical, regulatory and commercial activities. The Company is eligible to receive up to $600.0 million in milestones, including $115.0 million in development milestones, $185.0 million in regulatory milestones and $300.0 million in sales-based milestones and tiered royalties ranging from low double-digit to mid-teens percentages.

The Company determined that the transaction price of the Genentech Agreement at inception was $120.0 million consisting of the upfront payment, and allocated the transaction price to each of the separate performance obligations using the relative standalone selling price with $111.7 million allocated to the license to XmAb306, $4.1 million allocated to the additional program and $4.2 million allocated to the research services. The performance obligations have been met during the periods between 2019 and 2021 and revenues have been recognized.

No revenue was recognized for the years ended December 31, 2024, 2023, and 2022 from the Genentech Agreement. As of December 31, 2024, there was a $0.8 million receivable related to cost-sharing development activities during the second half of 2024. There is no deferred revenue as of December 31, 2024.

Gilead Sciences, Inc.

In January 2020, the Company entered into a Technology License Agreement (the Gilead Agreement) with Gilead Sciences, Inc. (Gilead), in which the Company provided Gilead an exclusive license to its Cytotoxic Fc and Xtend Fc technologies for an initial identified antibody and options for up to three additional antibodies directed to the same molecular target. Gilead is responsible for all development and commercialization activities for all target candidates. The

Company received an upfront payment and is eligible to receive development, regulatory and, sales milestones for each product incorporating the antibodies selected. In addition, the Company is eligible to receive royalties in the low-single digit percentage range on net sales of approved products.

The Company recognized $6.0 million in milestone revenue for the year ended December 31, 2023. No revenue was recognized for the years ended December 31, 2024 and 2022. There is no deferred revenue as of December 31, 2024 related to the Gilead Agreement.

Janssen Biotech, Inc., a Johnson & Johnson company

J&J Agreement

In November 2020, the Company entered into a Collaboration and License Agreement (the J&J Agreement) with Janssen Biotech, Inc., a Johnson & Johnson company, pursuant to which Xencor and J&J conducted research and development activities to discover novel CD28 bispecific antibodies for the treatment of prostate cancer. Xencor together with J&J conducted joint research activities to discover XmAb bispecific antibodies against CD28 and against an undisclosed prostate tumor-target with J&J maintaining exclusive worldwide rights to develop and commercialize Licensed Products identified from the research activities.

Under the J&J Agreement, the Company conducted research activities and apply its bispecific Fc technology to antibodies targeting prostate cancer provided by J&J. Upon completion of the research activities Janssen will have a candidate selection option to advance an identified candidate for development and commercialization. The activities will be conducted under a research plan agreed to by both parties. J&J will assume full responsibility for development and commercialization of the CD28 bispecific antibody candidate. Pursuant to the J&J Agreement, the Company received an upfront payment and is eligible to receive development, regulatory and, sales milestones. If commercialized, the Company is eligible to receive royalties on net sales that range from the high-single to low-double digit percentages.

Pursuant to the J&J Agreement, upon development of a bispecific candidate by J&J through proof of concept, the Company has the right to opt-in to fund 20% of development costs and to perform 30% of detailing efforts in the U.S. If the Company exercises this right, the Company will be eligible to receive tiered royalties in the low-double digit to mid-teen percentage range.

The Company allocated the transaction price to the single performance obligation, delivery of CD28 bispecific antibodies to J&J and recognized the $50.0 million transaction price as it satisfied its performance obligation to deliver CD28 bispecific antibodies to J&J in 2021.

In 2023, J&J completed filing of regulatory submission for a CD28 candidate and initiated Phase 1 clinical trial, and the Company received $17.5 million in milestone payments.

Second J&J Agreement

On October 1, 2021, the Company entered into a second Collaboration and License Agreement (the Second J&J Agreement) with J&J pursuant to which J&J received an exclusive worldwide license to develop, manufacture, and commercialize plamotamab, the Company's CD20 x CD3 development candidate, and the Company will collaborate with J&J on further clinical development of plamotamab with J&J and share development costs with J&J paying 80% and the Company paying 20% of certain development costs. The Second J&J Agreement became effective on November 5, 2021.

In June 2024, J&J notified the Company that it was terminating its rights to plamotamab.

Under the terms of the Second J&J Agreement, Xencor and J&J will also conduct research and development activities to discover novel CD28 bispecific antibodies. The parties will conduct joint research activities for up to a two-year period to discover XmAb bispecific antibodies against CD28 and undisclosed B cell tumor-targets with J&J receiving exclusive worldwide rights, subject to certain Xencor opt-in rights, to develop, manufacture and commercialize pharmaceutical products that contain one or more of such discovered antibodies (CD28 Licensed Antibodies). The Company is generally responsible for conducting research activities under the Second J&J Agreement, and J&J is generally responsible for all development, manufacturing, and commercialization activities for CD28 Licensed Antibodies that are advanced. Upon completion of the research activities J&J will have options to advance up to four identified candidates for development and commercialization. The activities will be conducted under a research plan agreed to by both parties. J&J

will assume full responsibility for development and commercialization of the CD28 bispecific antibody candidate. If commercialized, the Company is eligible to receive royalties on net sales that range from the high-single to low-double digit percentages.

The Company evaluated the Second J&J Agreement under the provisions of ASC 606. The Company identified two performance obligations under the Second J&J Agreement: (1) the license to the plamotamab program and (2) research services during a two-year period to create up to four CD28 bispecific candidates targeting B-cell antigens. The Company determined that the transaction price of the Second J&J Agreement at inception was $96.1 million consisting of the $100.0 million upfront payment reduced by the $3.9 million discount on the proceeds received from the sale of Company common stock to J&J. The Company allocated the transaction price to each of the separate performance obligations using the relative standalone selling price with $58.5 million allocated to the license to the plamotamab program and $37.6 million allocated to the research services.

The Company recognized the $58.5 million allocated to the license when it satisfied its performance obligation and transferred the license to J&J in November 2021.

The $37.6 million allocated to the research services is being recognized over a period of time through the end of the research term that services are rendered as the Company determined that the input method is the appropriate approach to recognize income for such services. The Company completed its performance obligations under the research services in December 2023.

During 2023, J&J exercised its options on three CD28 candidates developed under the collaboration, and it completed regulatory submissions for a selected candidate and initiated a Phase 1 study for it. During the year ended December 31, 2023, the Company received $30.0 million in milestone revenue and recognized $30.3 million in revenue related to completion of the research services. A total of $7.0 million and $0.3 million of revenue related to the research services were recognized in the years ended December 31, 2022 and 2021, respectively.

No revenue was recognized for the year ended December 31, 2024. The Company recognized $77.8 million and $7.0 million of revenue related to the two J&J agreements for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2024, there was a $3.1 million receivable related to cost-sharing development activities during the second and third quarters of 2024, prior to the termination of plamotamab. There is no deferred revenue as of December 31, 2024 related to our obligation to complete research activities under the two J&J Agreements.

MorphoSys AG/Incyte Corporation

In June 2010, the Company entered into a Collaboration and License Agreement with MorphoSys AG (MorphoSys), which was subsequently amended in March 2012, 2020 and 2024 (collectively, the MorphoSys Agreement). The MorphoSys Agreement provides MorphoSys with an exclusive worldwide license to the Company's patents and know-how to research, develop, and commercialize the Company's XmAb5574 product candidate (subsequently renamed MOR208 and tafasitamab) with the right to sublicense under certain conditions. If certain developmental, regulatory, and sales milestones are achieved, the Company is eligible to receive future milestone payments and royalties.

On November 3, 2023, the Company entered into the Monjuvi Royalty Sale Agreement with OMERS, pursuant to which OMERS acquired the rights to certain royalties earned after July 1, 2023 associated with the existing license relating to Monjuvi in exchange for an upfront payment of $22.5 million. The upfront payment included $2.2 million of accounts receivable the Company recorded as a royalty receivable at September 30, 2023. The payment for the receivable was received by OMERS. For the year ended December 31, 2023, the Company earned and recognized $8.7 million in royalty revenue, $2.1 million of which was non-cash royalty revenue under the Monjuvi Royalty Sale Agreement.

In February 2024, Incyte Corporation acquired exclusive global development and commercialization rights to tafasitamab. For the year ended December 31, 2024, the Company recognized $8.7 million of non-cash royalty revenue under the Monjuvi Royalty Sale Agreement.

The Company recognized a total of $8.7 million, $8.7 million, and $7.8 million of royalty revenue on net sales of Monjuvi for the years ended December 31, 2024, 2023, and 2022. As of December 31, 2024, the Company has no deferred revenue related to the MorphoSys Agreement and has recorded a receivable of $2.1 million for royalties due related to the Monjuvi Royalty Sale Agreement. Payment of this receivable will be made directly to OMERS.

Novartis Institute for Biomedical Research, Inc.

In June 2016, the Company entered into a Collaboration and License Agreement (Novartis Agreement) with Novartis Institutes for BioMedical Research, Inc. (Novartis), to develop and commercialize bispecific and other Fc engineered antibody drug candidates using the Company's proprietary XmAb technologies and drug candidates. Pursuant to the Novartis Agreement, the Company provided Novartis with a non-exclusive license to certain of its Fc technologies to apply against up to ten targets identified by Novartis (Fc candidates).

In June 2021, Novartis selected an Fc candidate and received a non-exclusive license to the Company's Fc technology. Novartis assumed full responsibility for development and commercialization of the licensed Fc product candidate. The Company is eligible to receive development, clinical, and sales milestones and royalties on net sales of approved products for the licensed Fc candidate. During the year ended December 31, 2024, Novartis initiated a Phase 2 clinical study for the Fc candidate, and the Company recognized $4.0 million of milestone revenue.

The Company recognized $4.0 million of revenue during the year ended December 31, 2024. No revenue was recognized during the years ended December 31, 2023 and 2022. As of December 31, 2024, the Company has no deferred revenue and has recorded a $4.0 million receivable related to the Novartis Agreement.

Omeros Corporation

In August 2020, the Company entered into a Technology License Agreement (the Omeros Agreement) with Omeros Corporation (Omeros), in which the Company provided Omeros a non-exclusive license to its Xtend Fc technology, an exclusive license to apply its Xtend technology to an initial identified antibody and options to apply its Xtend technology to three additional antibodies. Omeros is responsible for all development and commercialization activities for all target candidates. The Company received an upfront payment and is eligible to receive development, regulatory and, sales milestones for each product incorporating the antibodies selected. In addition, the Company is eligible to receive royalties in the mid-single digit percentage range on net sales of approved products.

During 2023, Omeros advanced a candidate that incorporates the Company's Xtend Fc technology into a Phase 2 clinical study, and the Company received a $5.0 million milestone.

The Company recognized $5.0 million of revenue related to the Omeros Agreement for the year ended December 31, 2023. There was no revenue recognized for the years ended December 31, 2024 and 2022. There is no deferred revenue as of December 31, 2024 related to the Omeros Agreement.

Shanghai Mabgeek Biotech Co., Ltd.

On December 22, 2023, the Company entered into a Technology License Agreement with Shanghai Mabgeek Biotech Co., Ltd. (Mabgeek), and the Company and Mabgeek entered into Amendment No. 1 on June 21, 2024 (collectively, the Mabgeek Agreement). Under the Mabgeek Agreement, the Company received an upfront payment of $1.5 million and up to $11.9 million of milestones. In addition, the Company is eligible to receive royalties on the net sales of approved products in the low-single digit percentage range.

The Company evaluated the Mabgeek Agreement and determined that the single performance obligation was access to a non-exclusive license to certain patents of the Company which were transferred to Mabgeek in June 2024.

The Company recognized $1.5 million of license revenue related to the Mabgeek Agreement for the year ended December 31, 2024. There is no deferred revenue as of December 31, 2024 related to the Mabgeek Agreement.

Vega Therapeutics, Inc.

In October 2021, the Company entered into a Technology License Agreement (the Vega Agreement) with Vega Therapeutics, Inc. (Vega), in which the Company provided Vega a non-exclusive license to its Xtend Fc technology. In March 2024, Vega notified the Company that it initiated a Phase 1 study, and the Company recorded milestone revenue of $0.5 million.

The Company recognized $0.5 million of revenue for the year ended December 31, 2024. No revenue was recognized for the the years ended December 31, 2023 and 2022. There is no deferred revenue as of December 31, 2024 related to the Vega Agreement.

Vir Biotechnology, Inc.

In 2019, the Company entered into a Patent License Agreement (the Vir Agreement) with Vir Biotechnology, Inc. (Vir) pursuant to which the Company provided a non-exclusive license to its Xtend technology for up to two targets.

In March 2020, the Company entered into a second Patent License Agreement (the Second Vir Agreement) with Vir pursuant to which the Company provided a non-exclusive license to its Xtend technology to extend the half-life of novel antibodies Vir developed as potential treatments for patients with COVID-19. Under the terms of the Second Vir Agreement, Vir is responsible for all research, development, regulatory and commercial activities for the antibody, and the Company is eligible to receive royalties on the net sales of approved products in the mid-single digit percentage range. Vir and its marketing partner, GSK, began recording sales for sotrovimab beginning in June 2021. In 2024, 2023, and 2022, the Company recognized royalty revenue of $0.6 million, $2.2 million, and $114.9 million, respectively, related to this agreement.

In October 2022, Vir completed dosing of the first patient in Phase 2 study for VIR-2482, and the Company recorded $0.5 million revenue in connection with this milestone event.

The Company recognized $0.6 million, $2.2 million, and $115.4 million of revenues related to the two Vir Agreements for the years ended December 31, 2024, 2023, and 2022, respectively. There is no deferred revenue as of December 31, 2024 related to this agreement. As of December 31, 2024, the Company has recorded a receivable of $0.5 million for royalties due related to the Second Vir Agreement.

Zenas BioPharma, Inc.

In November 2020, the Company entered into a License Agreement (the Zenas Agreement) with Zenas BioPharma (Cayman) Limited, now Zenas BioPharma, Inc., (Zenas) pursuant to which the Company granted Zenas exclusive worldwide rights to develop and commercialize three preclinical-stage Fc-engineered drug candidates. The Company received an upfront payment in equity in Zenas with a fair value of $16.1 million, and the Company is eligible to receive royalties on net sales of approved products in the mid-single digit to mid-teen percentage range.

In November 2021, the Company entered into a second License Agreement (Second Zenas Agreement) with Zenas, in which the Company licensed the exclusive worldwide rights to develop and commercialize the Company's obexelimab (XmAb5871) drug candidate. The Company received a warrant to acquire additional equity in Zenas with a fair value of $14.9 million, and the Company is eligible to receive royalties on net sales of approved products in the mid-single digit to mid-teen percentage range.

The total transaction price is $14.9 million, which includes the upfront payment for a warrant to acquire up to 15% of the equity of Zenas in connection with a future financing at its fair value at the date of the Second Zenas Agreement. The Second Zenas Agreement includes variable consideration for potential future royalties that were contingent on future success factors for the licensed programs. The Company used the "most likely amount" method to determine the variable consideration. None of the royalties were included in the transaction price. The Company will re-evaluate the transaction price in each reporting period as uncertain events are resolved or other changes in circumstances occur.

The Company determined the transaction price at inception of the Second Zenas Agreement and allocated it to the performance obligation, delivery of the obexelimab license.

The Company completed delivery of its performance obligations in December 2021. The licenses to obexelimab were transferred to Zenas at inception of the Second Zenas Agreement, and the related research data and documentation was transferred to Zenas in December 2021.

In 2023, Zenas initiated a Phase 3 study with obexelimab, and the Company received additional equity in Zenas as a milestone payment. The Company recorded milestone revenue of $10.0 million, which is the fair value of the equity shares at the date of issuance.

No revenue was recognized for the year ended December 31, 2024 and 2022. The Company recognized $10.0 million of revenue related to the two Zenas Agreements for the years ended December 31, 2023. There is no deferred revenue as of December 31, 2024 related to the two Zenas Agreements.

Third-Party Licensee

In May 2024, the Company entered into a Patent License Agreement (Third-Party Licensee Agreement) with a third-party licensee. The Company completed delivery of the performance obligation under the agreement, and the Company received a payment of $7.0 million in August 2024.

The Company recognized $7.0 million of license revenue for the year ended December 31, 2024. There is a no deferred revenue as of December 31, 2024 related to the Third-Party Licensee Agreement.

Technology License Agreement and Services Agreement with Gale Therapeutics Inc.

In the fourth quarter of 2023, the Company formed a subsidiary, Gale, to develop novel drug candidates with its Fc technologies. On December 19, 2023, the Company entered into the Technology License Agreement (Gale License Agreement) and a Service Agreement (Gale Services Agreement) with Gale. Under the Gale License Agreement, Gale received an exclusive license to certain preclinical candidates and related Xencor technologies. The Company also has an option on future compounds Gale will develop. Under the Gale Services Agreement, the Company will provide research and development services as well as accounting and administrative support.

Pursuant to the Gale Agreement, the Company acquired a majority stake in Gale in exchange for $7.5 million of funding. The Company is deemed to be the primary beneficiary of Gale, a VIE, and they are under common control; therefore, the assets, liabilities and non-controlling interests of Gale are initially recorded at their previous carrying amounts, with no adjustment to current fair values and no gain or loss is recognized. In July 2024, September 2024, and November 2024, we entered into preferred stock purchase agreements to purchase additional shares in Gale for $3.0 million each, for a total of $9.0 million. In January 2025, Gale became a wholly-owned subsidiary of the Company and will be fully consolidated from the date on which control is transferred to the Company.

The value of the preclinical assets and technology had no value on Xencor's financial statements, and the license to Gale at inception had no carrying value. The Company did not recognize license revenue related to the transfer for the year ended December 31, 2023. Total charges under the Services Agreement during 2024 and 2023 of $12.4 million and $1.0 million, respectively, have been eliminated in consolidation.

Revenue Earned

The $110.5 million, $174.6 million, and $164.6 million of revenue recorded for the years ended December 31, 2024, 2023, and 2022, respectively, were earned principally from the following licensees (in millions):

	Year Ended December 31,		
	2024	2023	2022
Alexion*	58.2	64.9	29.4
Amgen	30.0	—	—
Astellas	—	—	5.0
Gilead	—	6.0	—
Janssen	—	77.8	7.0
Mabgeek	1.5	—	—
MorphoSys/Incyte*	8.7	8.7	7.8
Novartis	4.0	—	—
Omeros	—	5.0	—
Vega	0.5	—	—
Vir	0.6	2.2	115.4
Zenas	—	10.0	—
Third Party Licensee	7.0	—	—
Total	$ 110.5	$ 174.6	$ 164.6

*Includes non-cash royalty revenue from the Ultomiris and Monjuvi Royalty Sale Agreements.

The table below summarizes the disaggregation of revenue recorded for the years ended December 31, 2024, 2023, and 2022 (in millions):

	Year Ended December 31,		
	2024	2023	2022
Research collaboration	$ —	$ 30.3	$ 7.0
Milestone	34.5	88.5	5.5
Licensing	8.5	—	—
Royalties	0.6	41.2	152.1
Non-cash royalties	66.9	14.6	—
Total	$ 110.5	$ 174.6	$ 164.6

Remaining Performance Obligations and Deferred Revenue

The Company does not have any remaining performance obligation under the Company's arrangements as of December 31, 2024 or 2023. As of December 31, 2022, the Company had deferred revenue of $30.3 million. The Company's performance obligation as of December 31, 2022 was completing research activities pursuant to the Second J&J Agreement. All of the deferred revenue was classified as short term as of December 31, 2022, as the Company’s obligations to perform research services were due on demand when requested by J&J under the Second J&J Agreement.

11. Sale of Future Royalties

Ultomiris Royalty Sale Agreement

On November 3, 2023, the Company and OMERS entered into the Ultomiris Royalty Sale Agreement. Pursuant to the Ultomiris Royalty Sale Agreement, OMERS acquired the rights to a portion of royalties and milestones earned after

July 1, 2023 associated with the existing license relating to Ultomiris® (ravulizumab-cwvz) in exchange for an upfront payment of $192.5 million.

Pursuant to the Ultomiris Royalty Sale Agreement and subject to the Company's existing license with Alexion, OMERS acquired the right to receive: (i) 100% of royalties payable on past and potential sales related to Ultomiris that occur from July 1, 2023 through December 31, 2025; (ii) up to $35.0 million annually in royalties on potential sales related to Ultomiris that occur from January 1, 2026 through December 31, 2028 with any royalties in excess of $35.0 million reverting to the Company; (iii) up to $12.0 million annually in royalties on potential sales related to Ultomiris that occur from and after January 1, 2029, with any royalties in excess of $12.0 million reverting to the Company; and (iv) $18.0 million of a certain potential sales based milestone payment pursuant to the existing license with Alexion. OMERS would have paid an additional $12.0 million in 2024 to the Company if certain potential sales-based milestones had been reached.

The Company determined that $29.5 million of the upfront payment is for a recorded receivable for royalties and a milestone payment earned in the third quarter of 2023 and $163.0 million is for the sale of future royalties. The Company evaluated the arrangement and determined that the proceeds from the sale of future royalties should be classified as debt according to ASC 470. As of December 31, 2024, the estimated effective rate under the agreement was 21.1%. The Company periodically reassesses the estimate of total future royalty payments and prospectively adjusts the imputed interest rate and related amortization if the estimate is materially different. For the years ended December 31, 2024 and 2023, the Company recognized $58.2 million and $12.5 million of non-cash royalty revenue, respectively. For the years ended December 31, 2024 and 2023, the Company recorded $33.2 million and $5.5 million of non-cash interest expense, respectively.

Monjuvi Royalty Sale Agreement

On November 3, 2023, the Company and OMERS entered into the Monjuvi Royalty Sale Agreement. Pursuant to the Monjuvi Royalty Sale Agreement, OMERS acquired the rights to a portion of royalties earned after July 1, 2023 associated with the existing license relating to Monjuvi®/Minjuvi® (tafasitamab-cxix) in exchange for an upfront payment of $22.5 million.

Pursuant to the Monjuvi Royalty Sale Agreement and subject to the Company's existing license with MorphoSys, OMERS acquired the right to receive up to $29.3 million in royalties earned after July 1, 2023 related to sales of Monjuvi/Minjuvi, with any royalties in excess of $29.3 million paid to OMERS reverting to the Company.

The Company determined that $2.2 million of the upfront payment is for a recorded receivable for royalties earned in the third quarter of 2023 and $20.3 million is from the sale of future royalties. The Company evaluated the arrangement and determined that the proceeds from the sale of future royalties should be classified as debt according to ASC 470. As of December 31, 2024, the estimated effective rate under the agreement was 17.5%. The Company periodically reassesses the estimate of total future royalty payments and prospectively adjusts the imputed interest rate and related amortization if the estimate is materially different. For the years ended December 31, 2024 and 2023, the Company recognized $8.7 million and $2.1 million of non-cash royalty revenue, respectively. For the years ended December 31, 2024 and 2023, the Company recorded $3.4 million and $0.7 million of non-cash interest expense, respectively.

The following table shows the activities within debt for both Ultomiris and Monjuvi Royalty Agreements for the years ended December 31, 2024 and 2023 (in thousands):

	December 31, 2024	December 31, 2023
Beginning balance of debt related to sale of future royalties	$ 189,483	$ —
Proceeds from sale of future royalties	—	183,330
Royalties owed to OMERS	834	—
Royalties paid to OMERS	(63,304)	—
Non-cash interest expense recognized	36,593	6,153
Ending balance of debt related to sale of future royalties	$ 163,606	$ 189,483
Debt - short-term	48,447	27,711
Debt - long-term	115,159	161,772
Total debt	$ 163,606	$ 189,483

12. 401(k) Plan

The Company has a 401(k) plan covering all full-time employees. Employees may make pre-tax and Roth contributions up to the maximum allowable by the Internal Revenue Code. Effective April 1, 2023, the Company contributes 100% of the first 2.0% of participating employees' contribution and 50% of the next 5.0% of participating employees' contribution, for a maximum of 4.5% of employer contribution. Prior to the change, the Company contributed 100% of the first 1.0% of participating employees' contribution and 50% of the next 6.0% of participating employees' contribution, for a maximum of 4.0% of employer contribution. Participants are immediately vested in their employee contributions; employer contributions are vested over a three-year period with one-third for each year of a participating employee's service. Employer contributions made for the years ended December 31, 2024, 2023, and 2022 were $1.6 million, $1.7 million, and $1.4 million, respectively.

13. Segment Reporting

The Company operates as a single reportable segment focused on discovering and developing engineered antibody therapeutics to treat patients with cancer and autoimmune diseases, who have unmet medical needs. The Company's chief executive officer, who is the CODM, uses financial information as reported on, and derived from, the consolidated statements of loss in evaluating performance, allocating resources, and planning and forecasting for future periods. The CODM also uses financial information as reported on research and development expenses by program, as disclosed in Item 7. The CODM does not review segment assets at a different asset level or category than the consolidated balance sheets.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the supervision of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2024. The term "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act has been appropriately recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2024 due to material weaknesses related to the design of controls related to the Company's review of the accounting treatment of the proceeds from the sale of future royalties pursuant to the Ultomiris Royalty Sale Agreement as part of our non-routine transactions and the design of controls related to the evaluation of certain tax legislation. These material weaknesses led to the restatement of our audited financial statements for the year ended December 31, 2023 and the unaudited financial statements for the quarterly periods ended March 31, 2024, June 30, 2024 and September 30, 2024. On February 24, 2025, we filed an Annual Report on Form 10-K/A for the year ended December 31, 2023 and Quarterly Reports on Form 10-Q/As for the quarterly periods ended March 31, 2024, June 30, 2024 and September 30, 2024.

Notwithstanding the conclusion by our Chief Executive Officer and Chief Financial Officer that our controls and procedures were not effective as of December 31, 2024, and notwithstanding the material weaknesses in our internal control over financial reporting described below, our Chief Executive Officer and Chief Financial Officer have concluded that the consolidated financial statements and related financial information included in this Annual Report fairly present in all material respects our financial condition, results of operations and cash flows as of the dates presented, and for the periods ended on such dates, in conformity with GAAP.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). Our management, Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO) in Internal Control-Integrated Framework. Based on that assessment and using the COSO criteria, our management, Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2024, our internal control over financial reporting was not effective due to the material weaknesses described above.

Material Weaknesses Remediation Efforts

We previously reported a material weakness in our internal control over financial reporting related to the Company's design and operating deficiencies in the impairment analysis of our investment in an equity security without a readily determinable fair value, as described in "Item 4. Controls and Procedures" of our Form 10-Q/A for the quarter ended March 31, 2024. That material weakness has been remediated.

As management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, we understand the importance of developing a resolution plan aligned with management and overseen by the Audit Committee. Since the material weaknesses related to the design of controls related to the review of the accounting treatment of the proceeds from the sale of future royalties as part of our non-routine transactions analysis and design of controls related to the evaluation of certain tax legislation were identified, management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weaknesses are remediated, such that these controls are designed, implemented, and operating effectively.

We are actively addressing the material weakness related to the design of controls related to the review of the accounting treatment of the proceeds from the sale of future royalties pursuant to the Ultomiris Royalty Sale Agreement. Activities include the following: (1) continue to implement a more rigorous analysis of non-routine transactions, (2) on highly technical and complex accounting transactions, continue to improve our process to identify and select qualified third-party advisors and (3) continue to enhance our review of capabilities and work performed by third-party advisors specifically related to the review of accounting guidance for complex non-routine transactions.

We are also actively addressing the material weakness related to the design of controls related to the evaluation of certain tax legislation which includes: (1) continue to enhance our review of capabilities and work performed by third-party advisors related to the review of tax advice and (2) continue, on a quarterly basis, to review income tax legislative changes and their impact to our financial statements with our tax expert.

Management is committed to maintaining an effective internal control environment and remediating the identified material weaknesses in a timely manner, with appropriate oversight from our Audit Committee. We recognize that the

material weaknesses in our internal control over financial reporting will not be considered remediated until the remediated controls operate for a sufficient period of time and can be tested and concluded by management to be designed and operating effectively. We continue to evaluate and work to improve our internal control over financial reporting related to the identified material weaknesses and management may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above. In addition, we report the progress and status of the above remediation efforts to the Audit Committee on a periodic basis.

Changes in Internal Control over Financial Reporting

Other than the remediation actions described above, there were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. Controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Attestation in Internal Control over Financial Reporting

RSM US LLP, our independent registered public accounting firm, has audited our financial statements for the year ended December 31, 2024 and has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2024, which is included in Item 8 of this Annual Report.

Item 9B. Other Information

During the fiscal quarter ended December 31, 2024, none of our directors or officers (as defined in Section 16 of the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We have adopted a code of ethics for directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees, known as the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is available on our website at *https://www.xencor.com* under the Corporate Governance section of our Investor Relations page. We will promptly disclose on our website (i) the nature of any amendment to the policy that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and (ii) the nature of any waiver, including an implicit waiver, from a provision of the policy that is granted to one of these specified individuals that is required to be disclosed pursuant to SEC rules and regulations, the name of such person who is granted the waiver and the date of the waiver.

The other information required by this item and not set forth above will be set forth in our 2025 Annual Meeting of Stockholders (Proxy Statement) to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2024 and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 15. Exhibits, Financial Statement Schedules

1. *Financial Statements.* We have filed the following documents as part of this Annual Report:

2. *Financial Statement Schedules.* All schedules have been omitted because they are not applicable or required, or the information required to be set forth therein is included in the Financial Statements or notes thereto included in Item 8 of this Annual Report.

3. *Exhibits.*

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 11, 2013).
3.2	Second Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's 10-K filed with the SEC on February 27, 2023).
4.1	Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 25, 2013).
4.2	Form of Pre-Funded Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed with the SEC on September 12, 2024).
4.3#	Description of Securities.
10.1*	Form of Indemnity Agreement between the Company and its directors and officers (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.2*	Xencor, Inc. 2010 Equity Incentive Plan, as amended, and Form of Stock Option Grant Notice, Option Agreement and Form of Notice of Exercise (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.3*	Xencor, Inc. 2013 Equity Incentive Plan and Form of Stock Option Agreement and Form of Stock Option Grant Notice thereunder (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.4*	Xencor, Inc. 2013 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.5*	Xencor, Inc. 2023 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.1 to the Registrant's Definitive Proxy Statement on Schedule 14A for the 2023 Annual Meeting of Stockholders of the Registrant, filed with the SEC on April 26, 2023).
10.6*#	Form of Option Agreement.
10.7*#	Form of Restricted Stock Unit Agreement.
10.8*	Third Amended and Restated Executive Employment Agreement, dated September 4, 2013, by and between the Company and Dr. Bassil I. Dahiyat (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.9*	Severance Agreement, dated May 26, 2016 by and between the Company and Bassil Dahiyat (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on August 3, 2016).
10.10*	Severance Agreement, dated May 26, 2016 by and between the Company and John Desjarlais (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed with the SEC on August 3, 2016).

10.11*	Employment Agreement dated August 5, 2019 by and between the Company and Celia Eckert (incorporated by reference to Exhibit 10.33 to the Company's Form 10-K filed with the SEC on February 25, 2020).
10.12*	Executive Employment Agreement Addendum dated November 7, 2023 by and between the Company and Celia Eckert (incorporated by reference in Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on November 8, 2023).
10.13*	Employment Agreement dated April 7, 2023 by and between the Company and Nancy Valente (incorporated by reference in Exhibit 10.3 to the Company's Form 10-Q filed with the SEC on May 9, 2024).
10.14*	Executive Employment Agreement Addendum dated November 7, 2023 by and between the Company and Nancy Valente (incorporated by reference in Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on November 8, 2023).
10.15	Executive Employment Agreement Addendum No. 2 dated June 1, 2024 by and between the Company and Nancy Valente (incorporated by reference in Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on August 5, 2024).
10.16*	Employment Agreement dated March 11, 2024 by and between the Company and Bart Jan Cornelissen (incorporated by reference in Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on May 9, 2024).
10.17	Xencor, Inc. Amended and Restated Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.40 to the Company's Form 10-K filed with the SEC on February 27, 2023).
10.18	Lease dated January 1, 2015 by and between the Company and BF Monrovia, LLC (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K filed with the SEC on January 5, 2015).
10.19	Amendment to Lease dated January 27, 2015 by and between the Company and BF Monrovia, LLC. (incorporated by reference to Exhibit 10.27 to the Company's Form 10-K filed with the SEC on February 20, 2015).
10.20	Second Amendment to Lease, dated July 5, 2017, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K filed with the SEC on July 10, 2017).
10.21	Third Amendment to Lease, dated April 30, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on August 5, 2020).
10.22	Fourth Amendment to Lease, dated September 30, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on November 6, 2020).
10.23	Fifth Amendment to Lease, dated October 31, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.33 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.24	Sixth Amendment to Lease, dated November 14, 2022, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.39 to the Company's Form 10-K filed with the SEC on February 27, 2023).

10.25	Agreement of Lease, dated April 30, 2021, by and between the Company and Angelo Gordon Real Estate, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on August 4, 2021).
10.26	First Amendment to Lease, dated July 13, 2021, by and between the Company and Angelo Gordon Real Estate, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed with the SEC on August 4, 2021).
10.27	Second Amendment to Lease, dated August 2, 2022, by and between the Company and AG-LC 465 North Halstead Owner, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on November 7, 2022).
10.28	Third Amendment to Lease, dated January 26, 2024, by and between the Company and AG-LC 465 North Halstead Owner, L.P. (incorporated by reference in Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on May 9, 2024).
10.29^#	Collaboration and License Agreement, dated June 27, 2010, by and between the Company and MorphoSys AG.
10.30^#	First Amendment to the Collaboration and License Agreement, dated March 23, 2012, by and between the Company and MorphoSys AG.
10.31	Second Amendment to the License Agreement, dated January 8, 2020, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.31 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.32	Third Amendment to the License Agreement, dated July 13, 2020, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.32 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.33	Fourth Amendment to the License Agreement by and between the Company and MorphoSys AG (incorporated by reference in Exhibit 10.4 to the Company's Form 10-Q filed with the SEC on May 9, 2024).
10.34^#	Research and License Agreement effective September 15, 2015 between the Company and Amgen Inc.
10.35	First Amendment to the Research and License Agreement, dated November 22, 2019, by and between the Company and Amgen Inc. (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.36†	Amendment No. 1, dated September 21, 2016, to the Collaboration and License Agreement by and between the Company and Novartis Institutes for BioMedical Research, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on November 2, 2016).
10.37†	Collaboration and License Agreement, dated June 26, 2016, by and between the Company and Novartis Institutes for BioMedical Research, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q filed with the SEC on August 3, 2016).
10.38	Collaboration and License Agreement, dated December 4, 2020, by and between the Company and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.34 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.39†	Collaboration and License Agreement, dated October 1, 2021, by and between the Company and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.39 to the Company's Form 10-K filed with the SEC on February 24, 2022).

10.40	First Amendment to Collaboration and License Agreement, dated January 30, 2023, by and between the Company and Janssen Biotech, Inc. (incorporated by reference in Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on August 3, 2023).
10.41	Option and License Agreement, dated January 28, 2013, by and between the Company and Alexion Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S 1, as amended (File No. 333 191689), originally filed with the SEC on October 11, 2013).
10.42†	First Amendment to Option and License Agreement dated June 14, 2019 by and between the Company and Alexion Pharma Holding (as successor to Alexion Pharmaceuticals, Inc.) (incorporated by reference to Exhibit 10.42 to the Company's Form 10-K filed with the SEC on February 27, 2023).
10.43†	Second Amendment to Option and License Agreement dated November 28, 2022 by and between the Company and Alexion Pharma International Operations Limited (as successor to Alexion Pharmaceuticals, Inc.) (incorporated by reference to Exhibit 10.43 to the Company's Form 10-K filed with the SEC on February 27, 2023).
10.44	Sales Agreement dated February 27, 2023 by and between the Registrant and SVB Securities LLC (incorporated by reference in Exhibit 1.2 to the Company's Form S-3ASR filed with the SEC on February 27, 2023).
10.45^	Amended and Restated Collaboration and License Agreement, executed on November 14, 2023 and effective as of June 1, 2024, by and between the Company and Genentech, Inc. and F. Hoffmann-La Roche Ltd (incorporated by reference in Exhibit 10.47 to the Company's Form 10-K filed with the SEC on February 29, 2024).
10.46	Royalty Purchase Agreement, entered into on November 3, 2023, by and between Xencor, Inc. and OCM Life Sciences Portfolio LP (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 7, 2023).
10.47	Royalty Purchase Agreement, entered into on November 3, 2023, by and between Xencor, Inc. and OCM Life Sciences Portfolio LP (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on November 7, 2023).
10.48	Consulting Agreement by and between the Company and John J. Kuch, dated April 19, 2024 (incorporated by reference in Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on August 5, 2024).
19#	Insider Trading Policy.
21.1#	List of Subsidiaries of Xencor, Inc.
23.1#	Consent of Independent Registered Public Accounting Firm (RSM US LLP).
24#	Power of Attorney (included on signature page herein).
31.1#	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2#	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1#**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2#**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Xencor, Inc. Compensation Recovery Policy (incorporated by reference to Exhibit 97 to the Company's Form 10-K filed with the SEC on February 29, 2024).
101.INS	XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Schema Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Filed herewith

† We have received confidential treatment for certain portions of this agreement, which have been omitted and filed separately with the SEC pursuant to Rule 406 under the Securities Act of 1933, as amended.

^ Certain identified information has been omitted pursuant to Item 601(b)(10) of Regulation S-K because such information is both (i) not material and (ii) information that the Registrant treats as private or confidential. The Registrant hereby undertakes to furnish supplemental copies of the unredacted exhibit upon request by the SEC.

* Indicates management contract or compensatory plan.

** These certifications are being furnished solely to accompany this annual report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Xencor, Inc.

Date: February 26, 2025

By: /s/ Bassil I. Dahiyat, Ph.D.
Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Bassil I. Dahiyat, Ph.D. and Bart Jan Cornelissen, and each of them acting individually, his true and lawful attorney-in-fact, each with full power of substitution and resubstitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ BASSIL I. DAHIYAT, PH.D. Bassil I. Dahiyat, Ph.D.	Director, President & Chief Executive Officer (Principal Executive Officer)	February 26, 2025
/s/ BART JAN CORNELISSEN Bart Jan Cornelissen	Sr. Vice President & Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2025
/s/ A. BRUCE MONTGOMERY, M.D. A. Bruce Montgomery, M.D.	Director	February 26, 2025
/s/ KURT GUSTAFSON Kurt Gustafson	Director	February 26, 2025
/s/ KEVIN C. GORMAN, PH.D. Kevin C. Gorman, Ph.D.	Director	February 26, 2025
/s/ RICHARD RANIERI Richard Ranieri	Director	February 26, 2025
/s/ ELLEN G. FEIGAL, M.D. Ellen G. Feigal, M.D.	Director	February 26, 2025
/s/ DAGMAR ROSA-BJORKESON Dagmar Rosa-Bjorkeson	Director	February 26, 2025
/s/ BARBARA KLENCKE Barbara Klencke	Director	February 26, 2025

Exhibit 4.3

DESCRIPTION OF SECURITIES

The following is a summary description of the material terms of capital stock of Xencor, Inc. (we, our or us), as well as other material terms of our amended and restated certificate of incorporation (Certificate of Incorporation) and our second amended and restated bylaws (Bylaws) and certain provisions of the DGCL. This summary does not purport to be complete and is qualified entirely by reference to the provisions of our Certificate of Incorporation, our Bylaws and the DGCL. Our Certificate of Incorporation and Bylaws have previously been filed as exhibits with the Securities and Exchange Commission.

Our authorized capital stock consists of 200,000,000 shares of common stock, $0.01 par value per share, and 10,000,000 shares of undesignated preferred stock, $0.01 par value per share. Our board of directors is authorized, without stockholder approval except as required by the rules and listing standards of The Nasdaq Stock Market LLC, to issue additional shares of our capital stock.

Common Stock

Voting. Our common stock is entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, including the election of directors, and does not have cumulative voting rights. Accordingly, the holders of a majority of the shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election.

Dividends. Subject to preferences that may be applicable to any then-outstanding preferred stock, the holders of common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation. In the event of our liquidation, dissolution or winding-up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Rights and Preferences. Holders of our common stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Fully Paid and Nonassessable. All of our outstanding shares of common stock are fully paid and nonassessable.

Preferred Stock

Our Board of Directors is authorized, subject to limitations prescribed by Delaware law, to issue up to 10,000,000 shares of preferred stock in one or more series, and to fix the number of shares and to determine or alter for each such series, the voting powers, designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions.

The laws of the State of Delaware, the state of our incorporation, provide that the holders of preferred stock will have the right to vote separately as a class on any proposal involving fundamental changes in the rights of holders of such preferred stock. This right is in addition to any voting rights that may be provided for in the applicable certificate of designation.

The issuance of preferred stock could adversely affect the voting power, conversion or other rights of holders of common stock and reduce the likelihood that common stockholders will receive dividend payments and payments upon liquidation. Preferred stock could be issued quickly with terms designed to delay, deter or prevent a change in control of our company or make removal of management more difficult. Additionally, the issuance of preferred stock may have the effect of decreasing the market price of our common stock.

Delaware Anti-Takeover Law and Provisions of Our Certificate of Incorporation and Bylaws

Our Certificate of Incorporation and our Bylaws contain certain provisions that could have the effect of delaying, deterring or preventing another party from acquiring control of us, and therefore could adversely affect the market price of our common stock. These provisions and certain provisions of DGCL which are summarized below, may also discourage coercive takeover practices and inadequate takeover bids, and are designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of potentially discouraging a proposal to acquire us.

Delaware Anti-Takeover Law

We are subject to Section 203 of the DGCL (Section 203). Section 203 generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time that such stockholder became an interested stockholder, unless:

- prior to such time the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 662/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Certificate of Incorporation and Bylaws

Among other things, our Certificate of Incorporation and Bylaws:

- permit our Board of Directors to issue up to 10,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate (including the right to approve an acquisition or other change in our control);
- provide that the authorized number of directors may be changed only by resolution of the board of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner and also specify requirements as to the form and content of a stockholder's notice and must comply with the requirements of Rule 14a-19 and include all information required by Rule 14a-19;
- do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose); and
- provide that special meetings of our stockholders may be called only by the chairman of the board, our Chief Executive Officer or by our Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors.

The amendment of any of these provisions, with the exception of the ability of our Board of Directors to issue shares of preferred stock and designate any rights, preferences and privileges thereto, would require approval by the holders of at least 66/3% of our then-outstanding common stock.

The provisions of the DGCL and the provisions of our Certificate of Incorporation and Bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Limitation on Liability and Indemnification of Directors and Officers

Our Certificate of Incorporation eliminates directors' liability for monetary damages to the fullest extent permitted by applicable law. Our Certificate of Incorporation and Bylaws authorize the Company to indemnify and advance expenses to, to the fullest extent permitted by applicable law, its directors and officers. Our Certificate of Incorporation and Bylaws authorize the Board to determine whether to indemnify, as set forth in the DGCL or any other applicable law, the Company's employees and other agents. Further, our Certificate of Incorporation prohibits any retroactive changes to the rights or protections or increase the liability of any director or officer in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification. The Company believes that these provisions in the Certificate of Incorporation and the Bylaws are necessary to attract and retain qualified persons as directors and officers. However, these provisions may discourage stockholders from bringing a lawsuit against the Company's directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit the Company and its stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent the Company pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Warrants

As of February 26, 2025, we had outstanding pre-funded warrants to purchase up to an aggregate of 3,088,888 shares of our common stock with an exercise price of $0.01 per share, all of which are currently exercisable (subject to certain beneficial ownership limitations) The outstanding warrants contain provisions for the adjustment of the exercise price and the number of shares issuable upon exercise of the warrants in the event of stock dividends, stock splits or similar transactions. In addition, the warrants contain a "cashless exercise" feature that allows the holders thereof to exercise the warrants without a cash payment to the Company under certain circumstances. The warrants also contain provisions that provide certain rights to warrant holders in the event of a fundamental transaction, including a merger or consolidation with or into another entity, such as the right to receive the same amount and kind of consideration paid to the holders of common stock in the fundamental transaction.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent and registrar's address is 250 Royall Street, Canton, MA, 02021.

Listing on The Nasdaq Global Market

Our common stock is listed on The Nasdaq Global Market under the symbol "XNCR".

Xencor, Inc.
2023 Equity Incentive Plan

Option Agreement
(Incentive Stock Option or Nonstatutory Stock Option)

Pursuant to your Stock Option Grant Notice ("***Grant Notice***") and this Option Agreement, Xencor, Inc. (the "***Company***") has granted you an option under its 2023 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the "***Date of Grant***"). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting. Subject to the provisions contained herein, your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.

2. Number of Shares and Exercise Price. The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice will be adjusted for Capitalization Adjustments.

3. Exercise Restriction for Non-Exempt Employees. If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a "***Non-Exempt Employee***"), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a corporate transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your "retirement" (as defined in the Company's benefit plans).

4. Exercise prior to Vesting ("Early Exercise"). If permitted in your Grant Notice (*i.e.*, the "Exercise Schedule" indicates "Early Exercise Permitted") and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however,* that:

(a) a partial exercise of your option will be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise will be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement;

(c) you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) if your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options.

5. Method of Payment. You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner ***permitted by your Grant Notice,*** which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a "broker-assisted exercise", "same day sale", or "sell to cover".

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) If this option is a Nonstatutory Stock Option, subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter if those shares (i) are used to pay the exercise price pursuant to the "net exercise," (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

6. Whole Shares. You may exercise your option only for whole shares of Common Stock.

7. Securities Law Compliance. In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act

or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

8. Term. You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 8(d) below); *provided, however,* that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; *provided further,* if during any part of such three (3) month period, the sale of any Common Stock received upon exercise of your option would violate the Company's insider trading policy, then your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service during which the sale of the Common Stock received upon exercise of your option would not be in violation of the Company's insider trading policy. Notwithstanding the foregoing, if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after the termination of your Continuous Service, and (y) the Expiration Date;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 8(d)) below;

(d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;

(e) the Expiration Date indicated in your Grant Notice; or

(f) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

9. Exercise.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

(d) By accepting your option you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided, however*, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 9(d). The underwriters of the Company's stock are intended third party beneficiaries of this Section 9(d) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

10. Transferability. Except as otherwise provided in this Section 10, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter

into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

11. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

12. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) If this option is a Nonstatutory Stock Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

13. Tax Consequences. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

14. Notices. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

15. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control. In addition, your option (and any compensation paid or shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

16. Other Documents. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

17. Effect on Other Employee Benefit Plans. The value of this option will not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

18. Voting Rights. You will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this option until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this option, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

19. Severability. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. Miscellaneous.

(a) The rights and obligations of the Company under your option will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* * *

This Option Agreement will be deemed to be signed by you upon the signing by you of the Stock Option Grant Notice to which it is attached.

Xencor, Inc.
2023 Equity Incentive Plan
Restricted Stock Unit Award Agreement

Pursuant to the Restricted Stock Unit Grant Notice (the "***Grant Notice***") and this Restricted Stock Unit Award Agreement (the "***Agreement***"), Xencor, Inc. (the "***Company***") has awarded you ("***Participant***") an RSU Award (the "***Award***") pursuant to Section 5 of the Company's 2023 Equity Incentive Plan (the "***Plan***") for the number of RSUs indicated in the Grant Notice (the "***Restricted Stock Units***"). Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

1. Grant of the Award. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Restricted Stock Units/shares of Common Stock subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Common Stock, in part or in full satisfaction of the delivery of Common Stock in connection with the vesting of the Restricted Stock Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Common Stock issuable in connection with your Restricted Stock Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

2. Vesting. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the Restricted Stock Units/shares of Common Stock credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock.

3. Number of Shares. The number of Restricted Stock Units/shares subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

4. Securities Law Compliance. You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. Transfer Restrictions. Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) Death. Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. Date of Issuance.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulation Section 1.409A-1(b)(4) and will be construed and administered in such a manner.

(b) Subject to the satisfaction of the Withholding Taxes set forth in Section 11 of this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above). Each issuance date determined by this paragraph is referred to as an "***Original Issuance Date***".

(c) Notwithstanding clause (a), if the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Plan***")), *and*

(ii) either (1) Withholding Taxes do not apply, or (2) Withholding Taxes apply and the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Taxes by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to then effect a

sale on the market under a 10b5-1 Plan and (C) not to permit you to pay your Withholding Taxes in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(d) The form of delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

7. Dividends. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment.

8. Restrictive Legends. The shares of Common Stock issued under your Award shall be endorsed with appropriate legends as determined by the Company.

9. Execution of Documents. You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

10. Award not a Service Contract.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "***reorganization***"). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status

of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the right of the Company or an Affiliate to terminate your Continuous Service at any time, with or without your cause or notice, or to conduct a reorganization.

11. Withholding Taxes.

(a) On each vesting date, and on or before the time you receive a distribution of the shares of Common Stock in respect of your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the "***Withholding Taxes***"). Additionally, the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means (and by accepting this Award you hereby authorize any of the following methods of satisfying the Withholding Taxes): (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***") whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 6) equal to the amount of such Withholding Taxes; *provided*, *however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Withholding Taxes using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Compensation Committee of the Board.

(b) Unless the Withholding Taxes are satisfied, the Company shall have no obligation to deliver to you any Common Stock or any other consideration pursuant to this Award.

(c) In the event the Withholding Taxes arise prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Taxes was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

(d) Solely in order to satisfy any Withholding Taxes obligations of the Company triggered by the vesting of your Award, you hereby authorize the Company for your benefit (i) to cause the sale of a number of shares of Common Stock equal to the Share Sale Amount (as defined below) during the first three (3) trading days immediately following the

vesting of your Award (each such sale date, a "***Sale Date***"), (ii) to issue and deliver to the broker effecting such sale a number of shares of Common Stock equal to the Share Sale Amount following each date of such vesting as needed to settle the aforementioned sale (each such sale, a "***Tax Sale***") and (iii) to reduce the number of shares of Common Stock otherwise payable to you on such vesting date by the Share Sale Amount; provided, however, that if the Company is unable to effect a timely Tax Sale or if the proceeds from a Tax Sale are not sufficient to satisfy, in full, the Withholding Taxes obligation of the Company triggered by the vesting of your Award, you hereby acknowledge and agree that you will remit to the Company, prior to the first day of the next payroll period immediately following the relevant vesting date, immediately available funds in an amount sufficient to satisfy any Company Withholding Taxes obligations triggered by the vesting of your Award on such vesting date and not satisfied by the proceeds of a Tax Sale (each such payment, a "***Tax Payment***"). In the event that the proceeds from a Tax Sale are in excess of the Company Withholding Taxes obligations triggered by the vesting of your Award, the Company shall remit to you, as soon as practicable, immediately available funds in an amount equal to such excess. The "***Share Sale Amount***" shall mean a number of shares of Common Stock (rounded down to the nearest whole share) equal to the quotient of (A) the Withholding Taxes obligation of the Company triggered by the vesting of your Award on the relevant vesting date, divided by (B) the closing price of one share of Common Stock as quoted on The Nasdaq Global Market on the applicable vesting date.

12. You hereby represents and warrant that you have carefully reviewed this Section 11(d) of the Agreement and on the date hereof you are not aware of any material, nonpublic information with respect to the Company or any securities of the Company, are not subject to any legal, regulatory or contractual restriction that would prevent the Tax Sale, do not have, and will not attempt to exercise, authority, influence or control over any sale of Shares effected pursuant to the Agreement and are entering into the Agreement and this election for Tax Sales in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act. It is the Participant's intent that this election for the Tax Sales comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

(a) You acknowledge and agree that (i) you have no authority, influence or control over a Tax Sale, and will not attempt to exercise any authority, influence or control over such a sale, and (ii) each Tax Sale may be deemed to be a sale of securities by you for purposes of Section 16 of the Exchange Act. Promptly following any Tax Sale, the Company shall inform you or your designee of the number of shares that the Company caused to be sold for such purpose.

13. Tax Consequences. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

14. Unsecured Obligation. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You

shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

15. Notices. Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Headings. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

17. Miscellaneous.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

18. Governing Plan Document. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good

reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

19. Effect on Other Employee Benefit Plans. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

20. Severability. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. Other Documents. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

22. Amendment. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

23. Section 409A of the Code. This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service" (within the meaning of Treasury Regulation Section 1.409A-1(h) and without regard to any alternative definition thereunder), then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation

on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

* * * * *

This Restricted Stock Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

Exhibit 10.29

*****Certain identified information has been excluded from the exhibit because it both (i) is not material and (ii) is the type that the company treats as private or confidential. Such omitted information is indicated by brackets ("[...***...]") in this exhibit.*****

CONFIDENTIAL
Execution Copy

COLLABORATION AND LICENSE AGREEMENT

This **COLLABORATION AND LICENSE AGREEMENT** (this "**Agreement**") is entered into as of June 27, 2010 (the "**Effective Date**") by and between **XENCOR, INC**., a Delaware corporation with its principal offices at 111 West Lemon Avenue, Monrovia, CA 91016 ("**Xencor**"), and **MORPHOSYS AG**, a German corporation with its principal offices at Lena-Christ-Strasse 48, 82152 Martinsried/Planegg, Germany ("**MorphoSys**").

BACKGROUND

1. Xencor has developed a proprietary monoclonal antibody to CD19 that has high ADCC activity, XmAb5574, more particularly defined below;

2. MorphoSys has expertise in the research, development, and partnering of antibody-based therapeutic products;

3. MorphoSys is interested in obtaining an exclusive license to further develop and commercialize Xencor's XmAb5574 (and certain related antibodies and products, more particularly defined below) worldwide; and

4. Xencor is willing to grant such license to MorphoSys on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants and obligations set forth in this Agreement, the Parties agree as follows:

AGREEMENT

ARTICLE 1

DEFINITIONS

The initially capitalized terms below in this Article have the following meanings as used throughout this Agreement. Derivative forms of these defined terms shall be interpreted accordingly. "Includes," "including" and all other conjugations of "to include" shall be deemed followed by "without limitation" regardless of whether "without limitation" is actually written there (and drawing no implications from inconsistent usage as to whether such phrase is or is not actually written).

1.1 "**ADCC**" means antibody-dependent cell-mediated cytotoxicity, which is an immune response, in which an Antibody coats a target-bearing cell and engages Fc receptors on immune effector cells and thereby activates the immune effector cells to lyse the target-bearing cells. For clarity, this is not restricted to effects mediated by natural killer cells, but includes e.g., other effector cells as well.

1.2 "**Affiliate**" means, with respect to a Party, any entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Party. For this purpose,

"control" means the ownership of fifty percent (50%) or more of the voting securities entitled to elect the directors or management of the entity, or the actual power to elect or direct the management or policies of the entity, whether by law, contract or otherwise.

1.3 "**Affinity Constant of Binding**" means the affinity of an Antibody Fc to a Fcg receptor as determined using the protocol in Exhibit L. The Affinity Constant of Binding is increased, greater or higher if the K_A value is nominally increased; as an example a K_A of 10_7 1/M is increased, greater or higher than 10_6 1/M.

1.4 "**ALL**" means acute lymphoblastic leukemia.

1.5 "**Antibody**" means any antibody, whether naturally occurring, artificially produced, raised in an artificial system, or created through modification of another antibody or otherwise; any fragment of any of the foregoing; and any chemically modified versions of the foregoing antibodies (including versions that are conjugated with another chemical entity, such as a drug or toxin; pegylated versions (regardless of whether containing amino acid substitutions in order to achieve pegylation); and other chemically modified versions).

1.6 "**Autoimmune Indication**" shall mean the treatment or prophylaxis of any autoimmune disease or condition (i.e., any disease or condition that is caused by dis- or de-regulation of the immune system leading to tissue injury by a reaction to an endogenous antigen but that is not primarily a malignant neoplasia).

1.7 "**BLA**" means a Biologic License Application (as defined in the U.S. Federal Food, Drug and Cosmetics Act and the regulations promulgated thereunder (21 C.F.R. §§ 600-680) in the United States or a comparable filing in any other jurisdiction (i.e., a Marketing Authorization Application submitted to a Regulatory Authority that must be made prior to importing, marketing and selling a biological product).

1.8 **"Budget"** has the meaning set forth in Section 3.1.

1.9 **"Candidate-Specific Patent License"** has the meaning set forth in Section 4.1.

1.10 "**CDC**" means complement-dependent cytotoxicity.

1.11 "**CD19**" means CD19 (Cluster of Differentiation 19) protein, which includes human and other species homologues.

1.12 "**CDR**" means a complementarity determining region of an antibody.

1.13 "**Clinical Regulatory Filings**" means data, filings or materials relating to Licensed Antibody or Licensed Products submitted to the applicable Regulatory Authorities, including (a) data derived from non-clinical studies and clinical trials, and (b) data, filings or materials relating to or contained in any CMC or DMF.

1.14 "**CLL**" means chronic lymphocytic leukemia.

1.15 "**CMC**" means the Chemistry, Manufacturing and Controls (or equivalent) portion of any Licensed Product BLA in the United States, or equivalent or similar portion of a Marketing Authorization Application or Marketing Authorization in another regulatory jurisdiction.

1.16 "**Collaboration Confidential Information**" has the meaning set forth in Section 1.22.

1.17 **"Collaboration Term"** means the time starting from the Effective Date until the earlier of (i) the Ongoing Phase 1 Trial is Completed (Reporting Purposes) and (ii) Xencor's sponsorship of the Ongoing Phase 1 Trial has been transferred to MorphoSys.

1.18 "**Commercially Reasonable Efforts**" means the efforts required in order to carry out a task in a diligent and sustained manner without undue interruption, pause or delay; which level is at least commensurate

with (i) the level of efforts that MorphoSys, Xencor or a similarly situated biopharmaceutical company and (ii) regarding MorphoSys's Sublicensee after the Pre-Sublicensing Term, the level of efforts a company that is similarly situated as the respective Sublicensee, would devote to a product of similar potential and having similar commercial and scientific advantages and disadvantages resulting from the company's own research efforts (i.e. explicitly ignoring the royalty, milestone and all other payments due to Xencor under this Agreement), taking into account the product's safety and efficacy; the competitiveness of alternative products; the product's proprietary position; pricing and reimbursement; market-specific factors; technical, scientific and regulatory matters including estimated probabilities of success for future development stages; and all other relevant commercial factors. Commercially Reasonable Efforts requires (without limitation) that the Party exerting such efforts (i) promptly assigns responsibility for its obligations to specific employee(s) who are held accountable for progress and monitor such progress, on an ongoing basis, (ii) set and continue to seek to achieve specific and meaningful objectives for carrying out such obligations, and (iii) make and implement decisions and allocate resources designed to advance progress with respect to such objectives, in each case in a commercially reasonable manner.

1.19 "**Competing Antibody**" means any anti-CD19 Antibody that has […***…] and "**Competing Product**" means any pharmaceutical composition that contains at least one Competing Antibody.

1.20 **"Completed (Reporting Purposes)"** means with respect to the Ongoing Phase 1 Trial the date of receipt of the final and signed clinical study report.

1.21 "**Completed (Performance Metric)**" means that the last patient in the Ongoing Phase 1 Trial has received such patient's last dose of Licensed Product.

1.22 "**Confidential Information**" means all proprietary information, including scientific, technical and manufacturing information and plans, marketing and business plans, and financial and personnel matters relating to a Party or its present or future products, sales, suppliers, customers, employees, investors or business, received by either Party from the other Party or disclosed by either Party to the other Party pursuant to this Agreement, or pursuant to or that is otherwise subject to the Prior CDA; in each case, which information is disclosed under circumstances reasonably indicating that it is confidential. Notwithstanding the foregoing, Confidential Information shall not include information that, in each case as demonstrated by competent written documentation:

(a) is publicly disclosed and made generally available to the public by the disclosing Party, either before or after it becomes known to the receiving Party;

(b) was known to the receiving Party, without obligation to keep it confidential, prior to the date of disclosure by the disclosing Party;

(c) is subsequently disclosed to the receiving Party by a Third Party lawfully in possession thereof without obligation to keep it confidential and without a breach of such Third Party's obligations of confidentiality;

(d) has been publicly disclosed or made generally available to the public other than through any act or omission of the receiving Party in breach of this Agreement; or

(e) has been independently developed by the receiving Party without the aid, application or use of the disclosing Party's Confidential Information (the competent written proof of which must be contemporaneous with such independent development);

Notwithstanding all of the foregoing, all Know-how, data and results generated by or on behalf of either Party (or its Affiliates) under this Agreement during the Collaboration Term and related to Licensed Antibody and/or Licensed Product ("**Collaboration Confidential Information**") shall be regarded as Confidential Information of MorphoSys. All Know-how, data and results generated by or on behalf of Xencor (or its Affiliates) prior to the Effective Date in any pre-clinical studies and related to Licensed Antibody and/or Licensed Product ("**Xencor Pre-Clinical Confidential Information**") shall be regarded as Xencor Confidential Information.

For clarity, any further definition and/or description of Confidential Information stated in this Agreement shall also fall under this definition of Confidential Information.

1.23 **"Control**" means, with respect to any Know-How, Patent or other intellectual property right, possession (by means of ownership or license) by a Party, directly or through an Affiliate (other than pursuant to this Agreement), where the Party has the right to grant a license or sublicense as provided for in this Agreement. Any Patent, Know-How or other intellectual property right that is licensed or acquired by a Party following the Effective Date and that would otherwise be considered to be under the Control of a Party shall not be deemed to be under the Control of such Party if the application of such definition in the context of any licenses or sublicenses granted to the other Party under this Agreement would require the granting Party to make any additional payments or royalties to a Third Party in connection with such license or sublicense grants, unless the other Party agrees to pay the additional payments or royalties to the Third Party

1.24 "**Cover**" means, with respect to a particular item and a particular Patent, that such Patent claims (as opposed to merely disclosing) directly or indirectly: (a) the composition of such item, any of its ingredients or formulations or any product containing or that is made using such item (by virtue of such product containing or being made using such item); (b) a method of making or using any of the foregoing things referred to in (a); and/or (c) an item used or present in the manufacture of any of the foregoing things referred to in (a) (for example, with respect to a biologic, any vector, plasmid or cell line used to manufacture such product or item or any ingredient in either of them).

1.25 **"Data Escrow Agent"** has the meaning set forth in Section 7.7.

1.26 "**Distributor**" means any non-Sublicensee Third Party (i.e., any Third Party that is not granted a Sublicense) that all of (a) has been granted the right to distribute or resell in the MorphoSys Territory any quantities of Licensed Product, which quantities are provided by MorphoSys or its Affiliates or its Sublicensee(s); (b) pays MorphoSys or its Affiliate or its Sublicensee(s) a transfer price that is independent of resale price; (c) does not pay MorphoSys or its Affiliate or its Sublicensee(s) a royalty calculated as a percentage of sales or net sales; and (d) does not pay MorphoSys or its Affiliate or its Sublicensee(s) any other consideration in connection with Licensed Antibody or Licensed Product.

1.27 "**DMF**" means a Drug Master File in the United States or equivalent filing or filing serving a similar purpose in another regulatory jurisdiction.

1.28 "**EMA**" means the European Medicines Agency or any successor entity.

1.29 **"Escrow Agent"** has the meaning set forth in Section 4.3 (d)(i).

1.30 **"Excluded Antibodies**" means all Antibodies to CD19, other than Licensed Antibodies. Excluded Antibodies specifically include (a) […***…] and (b) […***…]. It is understood and agreed, and MorphoSys is fully aware, that […***…] and […***…].

1.31 "**Fc**" shall mean the complete constant region of an antibody (meaning, e.g., IgG_1 from residue Alanine 118 (or the analogous residue in any other IgG heavy chain) to the carboxy terminus thereof, where the sequence numbering is defined using the EU numbering system (Edelman, GE, et al., Proceedings of the National Academy of Sciences USA, vol. 63, p. 78, 1969) as applied in the Kabat antibody sequence database, and any fragment or portion thereof), including both naturally occurring such fragments, naturally occurring variants of such fragments, and non-naturally occurring variants of such fragments.

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

1.33 "**Field**" means all fields of use.

1.34 **"First Major Indication"** means […***…].

1.35 "**FTE**" means the equivalent of one (1) person working full time for one (1) year (whether provided through the working time of one (1) individual or more individuals) which equates to a total of one thousand six hundred sixty four (1,664) hours per year of work.

1.36 "**FTE Rate**" means […***…] dollars ($[…***…]) per FTE, adjusted annually for inflation by the percent change in the Manufacturers Price Index as reported by the U.S. Department of Labor, using 2010 as the reference year.

1.37 "**GAAP**" means then-current applicable Internationally Accepted Accounting Principles, consistently applied.

1.38 "**IND**" means an Investigational New Drug application (as defined in the U.S. Federal Food, Drug and Cosmetics Act and the regulations promulgated thereunder (21 C.F.R. §312) in the United States or a comparable filing in any other jurisdiction (i.e., a filing with a Regulatory Authority or Ethics Committee that must be made prior to commencing clinical testing in humans).

1.39 **"Joint Collaboration Product Inventions"** means any and all Product Inventions, for which Xencor (or its Affiliate) and MorphoSys (or its Affiliate) both have (meaning that Xencor (or its Affiliate) and MorphoSys (or its Affiliate) both employ or have engaged as a consultant) at least one (1) person who would be a properly named inventor on the U.S. patent claiming such invention, that were invented in the course of MorphoSys' (or its Affiliate's) or Xencor's (or its Affiliate's) anti-CD19 Antibody and/or product containing an anti-CD19 Antibody activities, other than any MorphoSys Core Improvement Inventions. (Inventorship for purposes of this definition shall be determined in accordance with United States patent law.)

1.40 **"Joint Collaboration Product Invention Patents"** means all Patents claiming Joint Collaboration Product Invention(s).

1.41 "**Joint Development Committee**" has the meaning given in Section 2.2(a) and "**JDC**" has the same meaning.

1.42 "**Know-How**" means (i) all information, techniques, data, inventions, practices, methods, processes, knowledge, know-how, skill, experience, technical data, test results (including pharmacological, toxicological, clinical, analytical and quality control data, regulatory submissions, correspondence and communications, and marketing, distribution, pricing, cost, manufacturing, patent and legal data or descriptions), and (ii) compositions of matter, assays, cell lines, vectors, plasmids and other materials.

1.43 "**Licensed** Antibody" means (a) XmAb5574, and (b) any other Antibody that specifically binds CD19 and that contains a Xencor High-ADCC/CDC Fc. "Licensed Antibody" excludes […***…].

1.44 "**Licensed Broader Anti-CD19 Patents**" means all Patents that claim priority to a Licensed Patent in existence on the Effective Date and […***…].

1.45 "**Licensed Candidate-Specific Patents**" means all Patents that claim priority to a Licensed Patent in existence on the Effective Date and that Cover XmAb5574 and no other Antibody. To avoid doubt, "Licensed Candidate-Specific Patents" exclude all Patents that Cover any Excluded Antibody(ies).

1.46 "**Licensed Core/Fc Platform Patents**" means those Licensed Patents and/or Post-Sublicensing Licensed Patents that contain claims that […***…].

1.47 "**Licensed Know-How**" means all unpatented Know-How that (i) is owned or Controlled by Xencor or its Affiliate as of the Effective Date of this Agreement, or owned or Controlled by Xencor or its Affiliate

thereafter during the Collaboration Term, and (ii) is necessary or useful for Licensed Antibody, and/or Licensed Product development and/or commercialization (including Know-How relating to any method of making, using (including methods of administration and dosing regimens) or testing of (or in the case of testing, of or for the presence of) or manufacturing of a Licensed Antibody and/or Licensed Product) or any article necessary or useful to practice (including those present during the practice of any of such method) any of the foregoing; but specifically excluding computational protein design methods and drug discovery (but not development) methods and Know-How of an acquiror and/or the acquiring corporate family existing prior to or on the date of a Xencor Change of Control or independently of Xencor thereafter (for clarity, in the case where Xencor is merged into another entity, the references here to "Xencor" and "independently of Xencor" mean to refer to "the merged entity" and "independently of the merged entity").

1.48 "**Licensed Patents**" means (a) the Listed Xencor Patents, (b) all other Patents (including Xencor's interest in any Joint Collaboration Invention Patents meeting the requirements of the rest of this clause (b)) Controlled by Xencor or its Affiliate during the Term and claiming priority to a Patent in existence prior to the end of the Pre-Sublicensing Term that Cover Licensed Antibody and/or Licensed Product, and (c) all Post-Partnering Patents claiming priority to a Patent first filed during the Pre-Sublicensing Term, but excluding after a Xencor Change of Control all Patents of the acquiror and/or the acquiring corporate family existing prior to or on the date of such Xencor Change of Control, claiming priority to such a Patent existing prior or on such date, or owned or controlled by such acquirer and/or the acquiring corporate family independently of Xencor (for clarity, in the case where Xencor is merged into another entity, the references here to "Xencor" and "independently of Xencor" mean to refer to "the merged entity" and "independently of the merged entity"). For the avoidance of doubt, all Patents that qualified as Licensed Patents prior to the date of such Xencor Change of Control shall remain part of Licensed Patents during the Term. To avoid doubt, Licensed Patents exclude […***…].

1.49 "**Licensed Products**" means any and all pharmaceutical compositions that contain any Licensed Antibody. Nothing in this Agreement shall be read to grant MorphoSys a license from Xencor to any Antibody that is not a Licensed Antibody, nor to any product to the extent containing an Antibody that is not a Licensed Antibody (e.g., in the case of a product that combines a Licensed Antibody with some other antibody that itself does not qualify as a Licensed Antibody, if that other antibody infringes any Patent of Xencor, no license is granted to MorphoSys with respect to such other antibody or with respect to the product to the extent Xencor's coverage on it is a result of the inclusion of such other antibody). For clarity, a license is granted by Xencor to MorphoSys to apply Xencor High-ADCC/CDC Fc(s) to Antibodies other than XmAb5574, only if such other Antibody by such application of such Xencor High-ADCC/CDC Fc(s) falls under the definition of Licensed Antibody. Furthermore, to avoid doubt, no license to MorphoSys to incorporate […***…].

1.50 "**Licensed Technology**" means all Licensed Patents, Post-Sublicensing Licensed Patents and Licensed Know-How.

1.51 "**Listed Xencor Patents**" means (a) all patents and patent applications listed in Exhibit B; (b) all patent applications (including provisional and utility applications) claiming priority to or common priority with or based on any of the foregoing, including all divisionals, continuations, continuations-in-part, patents of addition and substitutions of any of the foregoing; (c) all patents issuing on any of the foregoing, and all reissues, reexaminations, renewals and extensions of any of the foregoing, (d) all counterparts to the foregoing in other countries; and (e) all supplementary protection certificates, restoration or extension of patent term and other similar rights of Xencor and its Affiliates based on any of the foregoing. At the reasonable request of MorphoSys, but no more than once per year, Xencor shall provide MorphoSys with an updated list of Listed Xencor Patents and correct any typographical errors.

1.52 "**Major Countries**" means United States, Great Britain, France, Germany, Italy, Spain, and Japan.

1.53 **"M&A Event"** has the meaning set forth in Section 13.9.

1.54 "**Manufacturer**" means Xencor's Third-Party supplier of Licensed Antibody or Licensed Product, current or future […***…].

1.55 "**Marketing Authorization**" means, with respect to a Licensed Product, all approvals (including supplements, amendments, pre- and post-approvals), licenses, registrations and authorizations of any national, supra-national (e.g., the European Commission or the Council of the European Union), regional, state or local regulatory agency, department, bureau, commission, council or other governmental authority, necessary for the manufacture, distribution, use and/or sale of such Licensed Product in a regulatory jurisdiction, to avoid doubt excluding in all cases pricing and reimbursement approvals (whether governmental or private payor).

1.56 "**Marketing Authorization Application**" means a BLA or a comparable filing or filing serving to apply for Marketing Authorization in any other jurisdiction, in each case with respect to a Licensed Product.

1.57 "**Material MorphoSys Change**" shall mean any material change to the plan component of the MorphoSys Annual Development Report. Without limiting the generality of the foregoing the following kinds of changes are always considered material: (1) any change to the dosage; (2) any stop of dose escalation in any Phase 1 Trial; (3) any change to trial design, trial endpoints and/or protocols (or selection of them in the first instance); (4) change of Manufacturer; and (5) change to the Licensed Antibody and/or Licensed Product being pursued.

1.58 "**Material Xencor Change**" shall mean any material change to the Xencor Development Plan. Without limiting the generality of the foregoing the following kinds of changes are always considered material (and therefore always require JDC approval): (1) any change to the dosage; (2) any stop of dose escalation in any Phase 1 Trial; (3) any change to trial design, trial endpoints and/or protocols (or selection of them in the first instance); (4) any change to the manufacturing process of the Licensed Antibody and/or Licensed Product being pursued; (5) any change to product specifications communicated to Regulatory Authorities; (6) any change to release assays for Licensed Antibody and/or Licensed Products; (7) any change to the formulation of the Licensed Antibody and/or Licensed Product being pursued; (8) inclusion or exclusion of clinical sites; (9) change of the clinical CRO and/or any changes to contracts with CROs; (10) change of Manufacturer; and (11) change to the Licensed Antibody and/or Licensed Product being pursued.

1.59 **"Minor Indication"** means any disease or condition other than […***…]. The Minor Indications include […***…].

1.60 "**MorphoSys Annual Development Report**" means, for each calendar year, the written report that describes MorphoSys' clinical development plans for Licensed Product activities for the MorphoSys Territory for the Field for that year, and covers other subject matter as called for in Section 2.2 (c)(ii).

1.61 "**MorphoSys Change of Control**" means (a) any acquisition, sale or merger of MorphoSys (or all or substantially all of its assets), regardless of the form of the transaction (specifically including stock sales, asset sales, and reverse transactions), or (b) MorphoSys becoming Affiliated with any then-top-50 pharma based on pharmaceutical sales (as determined by reference to IMS Health data, or similarly reputable and reliable source).

1.62 **"MorphoSys Core Improvement Inventions"** means any and all Product Inventions, for which MorphoSys (or its Affiliate) has (meaning that it employs or has engaged as a consultant) at least one (1) person who would be a properly named inventor on the U.S. Patent claiming such invention, that were invented in the course of MorphoSys' or its Affiliate's Licensed Product activities during the Term, and (A) relate to enhancing the antibody-dependent cytotoxic activity of an Fc in comparison to human wild type IgG1 antibodies, including, but not limited to, ADCC, CDC, and/or phagocytosis, and (B) are not claimed in patents all of the claims
of which are limited by CD19, any other target, or by CDR or specificity of the Antibody. (Inventorship for purposes of this definition shall be determined in accordance with United States patent law.)

1.63 **"MorphoSys Core Improvement Invention Patents"** means all Patents claiming MorphoSys Core Improvement Invention(s).

1.64 **"MorphoSys Development Costs"** has the meaning set forth in Section 10.7 (e).

1.65 "**MorphoSys Know-How**" means all Know-How that MorphoSys or its Affiliate Controls during the Term that relates in any way to any Licensed Product, Licensed Antibody or a method of making, using (including methods of administration and dosing regimens) or testing of (or in the case of testing, of or for the presence of) any of the foregoing (or any article necessary or useful to practice (including those present during the practice of) any such method). The MorphoSys Know-How includes all clinical data generated in clinical trials of Licensed Product by or for MorphoSys or its Affiliates.

1.66 "**MorphoSys Pre-Sublicensing Patents**" means all Patents Controlled during the Term by MorphoSys or its Affiliate and claiming priority to any Patent in existence prior to the end of the Pre-Sublicensing Term that Cover any MorphoSys Product Invention (including MorphoSys Product Invention Patents and MorphoSys's interest in the Joint Collaboration Product Invention Patents), but specifically excluding (a) the MorphoSys Core Improvement Invention Patents (which are assigned to Xencor by this Agreement, such that Xencor owns them), and (b) after a MorphoSys Change of Control all Patents of the acquiror and/or the acquiring corporate family existing prior to or on the date of such MorphoSys Change of Control, claiming priority to such a Patent existing prior or on such date, or owned or controlled by such acquirer and/or the acquiring corporate family independently of MorphoSys (for clarity, in the case where MorphoSys is merged into another entity, the references here to "MorphoSys" and "independently of MorphoSys" mean to refer to "the merged entity" and "independently of the merged entity"). For the avoidance of doubt, all Patents that qualified as MorphoSys Pre-Sublicensing Patents prior to the date of such MorphoSys Change of Control shall remain part of MorphoSys Pre-Sublicensing Patents during the Term.

1.67 "**MorphoSys Product Inventions**" means any and all Product Inventions, for which MorphoSys (or its Affiliate) has (meaning that it employs or has engaged as a consultant) at least one (1) person who would be a properly named inventor on the U.S. Patent claiming such invention, that were invented in the course of MorphoSys' or its Affiliate's Licensed Antibody and/or Licensed Product activities during the Term, other than any Joint Collaboration Product Inventions and MorphoSys Core Improvement Inventions. (Inventorship for purposes of this definition shall be determined in accordance with United States patent law.)

1.68 "**MorphoSys Product Invention Patents**" means all Patents claiming MorphoSys Product Invention(s).

1.69 "**MorphoSys Territory**" means worldwide.

1.70 "**Net Sales**" means the gross amount invoiced by MorphoSys or its Affiliates or any Sublicensee(s) for the sale of Licensed Products in the MorphoSys Territory, less any of the following applicable deductions related to such sale and included in the invoiced amounts:

(a) […***…];

(b) […***…];

(c) […***…];

(d) […***…]; and

(e) […***…];

[…***…]

In the event that a Licensed Product is sold as part of a combination product, Net Sales of the Licensed Product, for the purpose of determining royalty payments, shall be determined by […***…]

Net Sales excludes […***…]

Net Sales includes […***…]

[…***…].

Net Sales amounts shall be determined from the books and records of MorphoSys and its Affiliates maintained in accordance with GAAP consistently applied, and such amounts shall be calculated using the same accounting principles used for other MorphoSys (or MorphoSys Affiliate) products for financial reporting purposes.

1.71 "**NHL**" means non-Hodgkin lymphoma.

1.72 "**Ongoing Phase 1 Trial**" means the clinical trial as described in the U.S. IND number […***…] and all related activities identified in the Xencor Development Plan, which IND was submitted by Xencor to the FDA and filed by the FDA prior to the Effective Date.

1.73 "**Other Licensee(s)**" means any Third Party to whom Xencor or any of its Affiliates has granted a license or sublicense to research, develop, manufacture and/or commercialize any XmAb5871 Product.

1.74 "**Party**" means Xencor or MorphoSys and "**Parties**" means both of them.

1.75 "**Patent**" means any patent application or patent anywhere in the world, including all of the following kinds: provisional, utility, divisional, continuation, continuation-in-part, and substitution applications; and utility, re-issue, re-examination, renewal and extended patents, and patents of addition, and any supplementary protection certificates, restoration of patent terms and other similar rights.

1.76 "**Phase 1 Trial**" means, with respect to a Licensed Product, a clinical trial (or — in case of a multi-phase clinical trial — those parts of a clinical trial) in line with the provisions of 21CFR312, Section 21 (a).

1.77 "**Phase 2 Trial**" means, with respect to a Licensed Product, a clinical trial (or — in case of a multi-phase clinical trial — those parts of a clinical trial) in line with the provisions of 21CFR312, Section 21 (b).

1.78 **"Phase 3 Trial"** means, with respect to a Licensed Product, a clinical trial (or — in case of a multi-phase clinical trial — those parts of a clinical trial) in line with the provisions of 21CFR312, Section 21 (c).

1.79 "**Post-Partnering Patents**" means all issued Patents that both (X) claim inventions invented by Xencor and/or its Affiliate(s) and/or an Other Licensee (meaning that any of the foregoing employs or has engaged as a consultant at least one (1) person who would be a properly named inventor on such Patent) claiming priority to a Patent first filed after the Pre-Partnering Term, and (Y) contain only claims that recite the sequence or make reference to the sequence of the CDRs or variable regions, or portions thereof (whether or not also providing for homology to such sequences), of XmAb5574 […***…] and/or any and all indications or applications thereof, but excluding after a Xencor Change of Control all Patents of the acquiror and/or the acquiring corporate family existing prior to or on the date of such Xencor Change of Control, claiming priority to such a Patent existing prior or on such date, or owned or controlled by such acquirer and/or the acquiring corporate family independently of Xencor (for clarity, in the case where Xencor is merged into another entity, the references here to "Xencor" and "independently of Xencor" mean to refer to "the merged entity" and "independently of the merged entity"). For the avoidance of doubt, all Patents that qualified as Licensed Patents prior to the date of such Xencor Change of Control shall remain part of Licensed Patents during the Term.

1.80 **"Post-Sublicensing Licensed Patents"** means (a) all Patents (including Xencor's interest in any Joint Collaboration Product Invention Patents described by the rest of this clause (a)) Controlled by Xencor or its Affiliate during the Term and claiming priority to a Patent first filed after the Pre-Sublicensing Term that Cover Product Inventions, and (b) all Post-Partnering Patents claiming priority to a Patent first filed after the Pre-Sublicensing Term, but excluding after a Xencor Change of Control all Patents of the acquiror and/or the acquiring corporate family existing prior to or on the date of such Xencor Change of Control, claiming priority to such a Patent existing prior or on such date, or owned or controlled by such acquirer and/or the acquiring corporate family independently of Xencor (for clarity, in the case where Xencor is merged into another entity, the references here to "Xencor" and "independently of Xencor" mean to refer to "the merged entity" and "independently of the merged entity"). For the avoidance of doubt, all Post-Sublicensing Licensed Patents that qualified as Post-Sublicensing Licensed Patents prior to the date of such Xencor Change of Control shall remain part of Post-Sublicensing Licensed Patents during the Term.

1.81 "**Post-Sublicensing Patents**" means all issued Patents that both (1) claim inventions invented by MorphoSys and/or its Affiliate(s) and/or its Sublicensee(s) (meaning that any of the foregoing employs or has engaged as a consultant at least one (1) person who would be a properly named inventor on such Patent (or its U.S. counterpart, if it is not a U.S. patent)) that claim priority to a Patent first filed after the Pre-Sublicensing Term, and (2) contain only claims that recite the sequence or make reference to the sequence of the CDRs or variable regions, or portions thereof (whether or not also providing for homology to such sequences), of XmAb5574 and/or XmAb5871 and/or any and all indications or applications thereof; but excluding after a MorphoSys Change of Control all Patents of the acquiror and/or the acquiring corporate family existing prior to or on the date of such MorphoSys Change of Control, claiming priority to such a Patent existing prior or on such date, or owned or controlled by such acquirer and/or the acquiring corporate family independently of MorphoSys (for clarity, in the case where MorphoSys is merged into another entity, the references here to "MorphoSys" and "independently of MorphoSys" mean to refer to "the merged entity" and "independently of the merged entity"). For the avoidance of doubt, all Patents that qualified as Post-Sublicensing Patents prior to the date of such MorphoSys Change of Control shall remain part of Post-Sublicensing Patents during the Term.

1.82 "**Pre-Partnering Term**" means the time from […***…].

1.83 "**Pre-Sublicensing Term**" means the time from […***…].

1.84 "**Prior CDA**" means that certain Mutual Confidential Disclosure Agreement dated […***…] and that certain confidentiality agreement between the Parties dated […***…].

1.85 "**Product Inventions"** means any and all patentable inventions that constitute or relate in any way to (a) any Licensed Antibody, Licensed Product, Antibody in the XmAb5871 Program, or pharmaceutical composition containing any such Antibody, (b) any method of making, using (including methods of administration and dosing regimens) or testing (in the case of testing, of or for the presence of) any of the foregoing, and/or (c) any article necessary or useful to practice (including those present during the practice of) any method referred to in clause (b) (including cell lines, vectors and plasmids used in production).

1.86 "**Regulatory Authority**" means any national (e.g., but without limitation, the FDA), supra-national (e.g., but without limitation, the EMA), regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity in any jurisdiction of the world involved in the granting of Marketing Authorization and/or authorizations for clinical trials for pharmaceutical products or medical devices (including regulated diagnostics).

1.87 **"Royalty Term"** has the meaning set forth in Section 5.4.

1.88 "[…***…]" shall mean […***…].

1.89 **"Second Major Indication"** means […***…].

1.90 "**Sublicense**" means a sublicense or other right (including any option for a sublicense) for any Licensed Antibody, specifically excluding rights granted to Distributors.

1.91 "**Sublicensee**" means a Third Party to whom MorphoSys (or its Affiliate) has granted a Sublicense, specifically excluding Distributors.

1.92 "**Sublicensing Revenue**" means all consideration received by MorphoSys or any of its Affiliates from Sublicensees in connection with […***…], excluding only: […***…]

[…***…].

For this purpose, "Sublicensees" means both MorphoSys' and its Affiliate's direct Sublicensee, and all those entities obtaining rights directly or indirectly from such direct Sublicensee(s) (through one (1) or more layers).

To avoid any doubt "consideration received by MorphoSys or any of its Affiliates from Sublicensees in connection with […***…]" extends to and includes […***…].

Also to avoid doubt, Sublicensing Revenue includes […***…], *provided, however,* that […***…].

Also to avoid doubt, if MorphoSys or its Affiliate receives consideration under an option for a Sublicense, that consideration is taken into account in the calculation of Sublicensing Revenue, but the date of the granting of the option will not be taken into account for the purposes of determining the end of the Pre-Sublicensing Term.

1.93 "**Term**" has the meaning set forth in Section 10.1.

1.94 "**Third Party**" means any person or entity other than a Party or an Affiliate of a Party.

1.95 "**Valid Claim**" means (i) a claim of an issued and unexpired patent within the […***…] and/or […***…] which has not been found to be unpatentable, invalid or unenforceable by a court or other authority having jurisdiction, from which decision no appeal is taken or can be taken; and (ii) a claim of a pending application within the […***…] and […***…], which pending application (a) claims priority directly or indirectly to no application filed more than seven years earlier, and (b) which claim has not been finally abandoned. For the avoidance of doubt, any claim of an application which directly or indirectly claims priority to any application filed more than seven years earlier shall not be a Valid Claim unless and until such claim becomes the claim of an issued and unexpired patent falling within subsection (i) of this Section.

1.96 **"Wild Type IgG 1"** means the […***…], which has […***…] and a […***…] and the […***…] of which is set forth in Exhibit M. Protein, expression plasmid and production cell line are deposited at the Escrow Agent as further set out in Section 4.3 (d).

1.97 "**Xencor Change of Control**" means (a) any acquisition, sale or merger of Xencor (or all or substantially all of its assets), regardless of the form of the transaction (specifically including stock sales, asset sales, and reverse transactions), or (b) Xencor becoming Affiliated with any […***…] based on pharmaceutical sales (as determined by reference to IMS Health data, or similarly reputable and reliable source).

1.98 "**Xencor Development Plan**" means the plan attached as Exhibit J, as it may be updated in accordance with Article 2.

1.99 **"Xencor Fc Technology"** means all variants listed in Exhibit C, D and F, and all Fc variants owned and Controlled by Xencor during the Term.

1.100 "**Xencor High-ADCC/CDC Fc**" means an Fc that both of (a) and (b):

(a) contains either of (i) and (ii):

(i) solely any Fc variant(s) set forth in Exhibit D (as "variant" is defined in such Exhibit), *provided, however*, that the Antibody containing such Fc is […***…]; or

(ii) any Fc variant(s) that has been proven to […***…], including, but not limited to, […***…], and has an Affinity Constant of Binding […***…] that is […***…] greater than […***…] as measured by […***…] (as set forth in Exhibit L), and does not have an Affinity Constant of Binding to […***…] that is […***…] greater than […***…]; and that contains […***…]; and

(b) does not contain any of the variants referred to in Exhibit F (as "variant" is defined in such Exhibit F). Notwithstanding the foregoing, the restriction of this subsection (b) shall not apply to any of the variants listed in Exhibit D (as "variant" is defined in such Exhibit D).

1.101 "**Xencor Pre-Clinical Confidential Information**" has the meaning set forth in Section 1.22.

1.102 **"Xencor Pre-Sublicensing Product Inventions"** means any and all Product Inventions, for which Xencor (or its Affiliate) has (meaning that Xencor (or its Affiliate) employs or has engaged as a consultant) at least one (1) person who would be a properly named inventor on the U.S. patent claiming such invention, that were invented in the course of Xencor's (or its Affiliate's) Licensed Product and/or Licensed Antibody […***…] Program activities and for which a Patent was filed during the Pre-Sublicensing Term; other than any Joint Collaboration Product Inventions or MorphoSys Product Inventions. (Inventorship for purposes of this definition shall be determined in accordance with United States patent law.)

1.103 **"Xencor Pre-Sublicensing Product Invention Patents"** means all Patents claiming Xencor Pre-Sublicensing Product Invention(s).

1.104 "**Xencor Product Inventions**" means any and all Product Inventions, for which Xencor (or its Affiliate) has (meaning that it employs or has engaged as a consultant) at least one (1) person who would be a properly named inventor on the U.S. Patent claiming such invention, that were invented in the course of Xencor's (or its Affiliate's) Licensed Product and/or XmAb5871 Program activities during the Term; other than any Joint Collaboration Product Inventions, Xencor Pre-Sublicensing Product Inventions or MorphoSys Product Inventions. (Inventorship for purposes of this definition shall be determined in accordance with United States patent law.)

1.105 "**Xencor Product Invention Patents**" means all Patents claiming Xencor Product Invention(s).

1.106 "**XmAb5574**" means the monoclonal anti-CD19 Antibody that Xencor refers to as XmAb5574 as of the Effective Date, the amino acid sequence of which is set forth in Exhibit A. Protein, expression plasmid and production cell line are deposited at the Escrow Agent as set forth in Section 4.3 (d).

1.107 "[…***…]" means […***…].

1.108 **"**[…***…]" means […***…].

1.109 "[…***…]" means […***…]:

(1) either of:

(a) the Fc of such Antibody contains solely a variant listed in Exhibit C (as "variant" is defined in Exhibit C); *provided, however,* that such Antibody is […***…]; or

(b) […***…] than […***…] and […***…]

(i) such Antibody […***…] by […***…] compared to […***…], […***…] compared to […***…] ([…***…]) of […***…], and […***…] that is […***…] than […***…], and

(ii) such Antibody does not have […***…] that is […***…] of […***…], and does not have […***…] that is […***…]

AND

(2) […***…]

ARTICLE 2

COLLABORATION MANAGEMENT AND DEVELOPMENT REPORTING

2.1 Overview. Initially, Xencor shall initiate and shall, subject to Sec. 2.2, 2.4, 2.5 and 3.11 hereof, continue to sponsor the Ongoing Phase 1 Trial, to the extent provided for in more detail below in Sections 3.1 through 3.3. Other than the Ongoing Phase 1 Trial, MorphoSys shall have sole responsibility for development and commercialization of the Licensed Antibody(ies) and/or Licensed Products for the Field during the Term. Information sharing, plan sharing, collaboration, coordination and development reporting between the Parties shall be as described in this Article 2. Technology transfer, regulatory transfer, and further development and commercialization obligations are as described in Article 3.

2.2 Joint Development Committee.

(a) Committee Formation. The Parties shall form the Joint Development Committee promptly after the Effective Date of this Agreement. Such Joint Development Committee shall be composed of an equal number of representatives from each Party (but in any event no less than two (2) representatives from each Party). Each Party's initial Joint Development Committee representatives are as written in Exhibit G. Each Party may change its representatives by written notice to the other Party. An alternate member designated by a Party may serve temporarily in the absence of a permanent member of the Joint Development Committee for such Party. Subject to Section 2.2 (b) below, the Joint Development Committee shall continue to exist until the […***…].

(b) Meetings and Procedures. The Joint Development Committee shall convene its first meeting within thirty (30) days after the Effective Date. During the Collaboration Term, Joint Development Committee meetings shall be held at least every […***…], and may also meet more frequently as and to the extent agreed by the Parties or if reasonably required by MorphoSys. After expiration of the Collaboration Term, meetings shall be held at least every […***…] ([…***…])[…***…] and may also be held more frequently as and to the extent agreed by the Parties. Joint Development Committee meetings may be held in person or by videoconference or teleconference, as the Parties may agree, except that at least one (1) meeting per year shall be in person. In-person meetings shall alternate between the Parties' respective facilities. In addition to its Joint Development Committee representatives a Party may have other personnel attend Joint Development Committee meetings but not to exceed eight (8) participants per Party. During the Collaboration Term, the Joint Development Committee shall be chaired by […***…] and […***…] of the Joint Development Committee, […***…], and the chairperson and co-chairperson of the Joint Development Committee shall be responsible for providing an agenda for each meeting and for preparing written minutes of each meeting for approval by each Party's Joint Development Committee representatives. MorphoSys and Xencor shall each bear all expenses, including travel expenses, of their respective JDC members related to their participation in the JDC. In the event Xencor (a) undergoes an M&A Event and the other party to the M&A Event, respectively, at that time (i) develops an enhanced B-cell cytotoxic anti-CD19-antibody or (ii) files or has filed an IND in any oncology indication for any Antibody of the […***…], or (b) itself or its Other Licensee files or has filed an IND in any oncology indication for any Antibody of the […***…], then the JDC shall be discontinued. In the event MorphoSys enters into a Sublicense agreement after expiration of the Collaboration Term, the Joint Development Committee shall only continue to meet if the Sublicense provides for a committee between MorphoSys and its Sublicensee for discussion of development of Licensed Antibody(ies) and/or Licensed Products. The Joint Development Committee shall then

meet with the same frequency as set out in the Sublicense regarding the committee meetings between MorphoSys and Sublicensee. If allowed by the Sublicense, Xencor may participate in such committee meetings according to the terms of the Sublicense. If Xencor's participation in such committee meetings is not allowed by the Sublicense, the Joint Development Committee shall meet within […***…] following each respective committee meeting between MorphoSys and its Sublicensee.

(c) Meeting Agendas and Reporting.

(i) By Xencor. Until the Ongoing Phase 1 Trial is Completed (Reporting Purposes), the agenda shall include a report by Xencor including all activities performed in such trial, status of the development of Licensed Antibody and/or Licensed Products, progress in such trial, any results of development, material meetings, minutes and correspondence with Regulatory Authorities relating to Licensed Antibody and/or Licensed Products, data reports, any inventions generated in such trial, upcoming milestones, and any planning matters relating to the ongoing conduct or transition of such trial. Xencor shall treat such reported information confidential and shall not disclose any of this reported information to any Third Party at any time. In addition, Xencor shall provide to MorphoSys upon MorphoSys's request its annual report(s) to the FDA.

(ii) By MorphoSys. In each calendar year, but subject to Section 2.3, MorphoSys shall provide to Xencor the MorphoSys Annual Development Report. The MorphoSys Annual Development Report shall include in reasonable detail: (1) a summary of MorphoSys' activities in […***…] (including clinical trials relating to Licensed Antibody and/or Licensed Products (including dosage, trial design and trial endpoints, protocols, Licensed Product being tested); material meetings, minutes, correspondence with Regulatory Authorities relating to Licensed Antibody and/or Licensed Products; Marketing Authorization Applications relating to Licensed Antibody and/or Licensed Products planned for filing; data reports; publications; conferences; all patent applications filed by MorphoSys or an Affiliate claiming MorphoSys Product Inventions from that year); and (2) to the extent available, a summary of MorphoSys' plan for Licensed Product development in the next […***…]. MorphoSys or — to the extent permitted by the Sublicense — its Sublicensee, shall further report to Xencor any Material MorphoSys Change to the MorphoSys Annual Development Report within […***…] after its occurrence. Within […***…] after each submission to FDA, MorphoSys shall also provide to Xencor its (or its Affiliate's) annual report(s) to the FDA relating to Licensed Antibody(ies) or Licensed Products. With respect to annual reports to the FDA relating to Licensed Antibody(ies) or Licensed Products submitted to the FDA by Sublicensee, MorphoSys shall use Commercially Reasonable Efforts to obtain such reports and the right from Sublicensee to share such reports with Xencor. Xencor shall treat such MorphoSys Annual Development Reports and such other annual report(s) to the FDA from MorphoSys, its Affiliate or — if applicable — its Sublicensee as MorphoSys' Confidential Information and shall not distribute such report(s) to any Third Party without prior written consent by MorphoSys. In the event that Xencor or its Affiliate (a) is party to a M&A Event and the other party to the M&A Event, respectively, at that time (i) develops or commercializes an enhanced B-cell cytotoxic anti-CD19-antibody or (ii) Xencor itself or an Other Licensee files or has filed an IND in any oncology indication for any Antibody of the […***…], or (b) itself files or has filed an IND in any oncology indication for any Antibody of the […***…] MorphoSys or its Sublicensee (as provided for in Section 2.6 below) shall only be required to provide to Xencor a short summary of the respective development status and results within the MorphoSys Annual Development Report. Xencor shall notify MorphoSys of any event described in (a)(i), (a)(ii) or (b) of the previous sentence. For the avoidance of doubt, in such cases (i.e., (a)(i), (a)(ii) or (b)) neither MorphoSys nor its Sublicensee(s) shall be obligated to report to Xencor any Material MorphoSys Changes, nor to provide to Xencor its respective annual report(s) to the FDA relating to Licensed Antibody(ies) or Licensed Products.

(d) Functions and Powers. The Joint Development Committee shall have no power to amend, modify or waive compliance with this Agreement. It shall have only such powers as are specifically set forth in this Agreement for the Joint Development Committee to perform. The Joint Development Committee meeting minutes, regardless of whether approved by senior representatives of both Parties, shall not be deemed to amend, modify or waive compliance with this Agreement. The Joint Development Committee's responsibilities shall include:

(i) during the Collaboration Term, encourage and facilitate ongoing cooperation and information exchange between the Parties concerning the Ongoing Phase I Trial;

(ii) discuss any coordination of activities that the Parties may desire concerning the Ongoing Phase 1 Trial;

(iii) approve any Material Xencor Changes to the Xencor Development Plan (truly immaterial changes do not require JDC approval, however Xencor shall inform MorphoSys promptly of any such changes).

(iv) provide a forum for discussion of the MorphoSys Annual Development Report (without implying any decision-making rights with respect to planned activities contained in such Report);

(v) subject to the other provisions of this Article 2, [...***...],

(vi) discuss any [...***...].

(e) JDC Decisionmaking. The JDC shall only have the power to make decisions related to the Ongoing Phase 1 Trial. The JDC shall make decisions by consensus, with each Party having one vote. If the JDC cannot reach consensus as to any decision, then MorphoSys shall have the final say. However, notwithstanding anything express or implied in the foregoing:

(i) MorphoSys shall exercise its final say solely in a manner consistent with MorphoSys' obligations under this Agreement and the final say to be clear does not diminish MorphoSys's obligations under this Agreement;

(ii) Subject to Section 3.1, any addition of activities to the Xencor Development Plan that would increase Xencor's costs to conduct such plan shall require Xencor's consent or MorphoSys's legally binding commitment to reimburse Xencor for all costs necessary to complete such additional activities, but only the amount which exceeds the Budget (as set forth in Section 3.1); and

(iii) Subject to Sec. 2.2 (e)(ii) above, MorphoSys' final say shall always prevail unless such final say would require Xencor to violate any of its legal obligations as a sponsor as contained in 21 C.F.R §312 or any other applicable regulatory or legal jurisdiction of the Ongoing Phase 1 Trial. Both Parties agree that these decisions (whether MorphoSys's final say, or Xencor's rejection of a final say by MorphoSys due to causing Xencor to violate any such legal obligation (but to be clear not other circumstances where Xencor simply disagrees with MorphoSys's decision)) will only be made after thorough consideration of the other Party's argumentation for its position and after providing to the other Party a detailed written description of the reasons why the Party believes the decision would or would not violate Xencor's legal obligations as a sponsor of the Ongoing Phase 1 Trial. In the event that a Party disagrees with the reasons provided by the other Party as to whether the final say will result in such a violation of such a legal obligation, then such first Party may refer the matter for resolution under Article 12, unless the matter is related to an urgent safety issue in the Ongoing Phase 1 Trial, in which case Xencor shall be entitled to take the decision it deems appropriate under the then prevailing circumstances. The foregoing shall not limit the remedies of either Party.

(f) This Section 2.2 does not provide and shall not be used by either Party or their counsel to imply decisionmaking authority of the JDC as to any contractual disputes that may arise in connection with this Agreement.

2.3 Affiliate/Sublicensee Activities and Plans. MorphoSys shall include MorphoSys' Affiliates' and, to the extent permitted by the Sublicense, Sublicensees' accomplishments and activities (past and planned) in MorphoSys Annual Development Report. Xencor recognizes that if and when MorphoSys grants a Sublicense, that thereafter MorphoSys shall not be required to provide Xencor with the same level of detail as before for MorphoSys' Annual Development Report, *provided, however,* that it shall always contain [...***...].

2.4 **Xencor Initial Development Plan.** The Xencor Development Plan, for the initial clinical development of Licensed Antibody and/or Licensed Product through the Ongoing Phase 1 Trial, is attached as Exhibit J. Xencor is entitled to make truly immaterial changes to the Xencor Development Plan without JDC or MorphoSys consent, but shall inform MorphoSys about such immaterial changes promptly after such change occurs. If Xencor and/or MorphoSys believe that a Material Xencor Change is needed, then Xencor and/or MorphoSys shall call a JDC meeting and present the proposed Material Xencor Change and reasons for it. The JDC shall act promptly in its consideration of any such Material Xencor Change proposed by Xencor and/or MorphoSys, and shall reasonably consider the comments of the respective other Party. MorphoSys acting through its JDC members shall not unreasonably withhold consent to any such Material Xencor Change proposed by Xencor.

2.5 **Project Team Interaction and Urgent Matters.** During the Collaboration Term, the Parties' project teams for the XmAb5574 project (as set forth in Exhibit G) shall communicate with each other on a regular basis (at least monthly), including making promptly available all documents, data and reports relating to Licensed Antibody(ies) and/or Licensed Products (including drafts of the foregoing) to the other Party by the Party that created and/or received such documents and reports. Moreover, during the Collaboration Term, Xencor shall within […***…] after reported to Xencor senior management, notify MorphoSys about any serious adverse events reportable to the FDA and any finding suggesting significant risk for human safety.

2.6 **Sublicensee Participation**. If MorphoSys grants any Sublicense during the Collaboration Term, then the Sublicensee may also participate in the JDC meetings, and MorphoSys is entitled, at its sole discretion, to delegate its final say on the JDC to the Sublicensee; *provided*, to avoid doubt, that such final say shall remain subject to all of the same limitations as set forth in Section 2.2.

2.7 **Termination of Committee Meeting Obligations**. After the Ongoing Phase 1 Trial is Completed (Reporting Purposes) or its sponsorship has been transferred to MorphoSys, Joint Development Committee interactions are intended primarily as a right of Xencor as a licensor, to allow for a collaborative information exchange between the Parties and for discussion of MorphoSys Annual Development Report. After the Ongoing Phase 1 Trial is Completed (Reporting Purposes) or its sponsorship has been transferred to MorphoSys, Xencor shall be entitled to terminate Joint Development Committee meeting obligations at any time by written notice to MorphoSys. If Xencor provides this notice, then each Party shall provide its reports and updates directly to the other Party, rather than to the Joint Development Committee (including all information to be provided by MorphoSys to the Joint Development Committee under this Agreement).

ARTICLE 3

DEVELOPMENT, COMMERCIALIZATION, DILIGENCE AND KNOW-HOW AND MATERIAL TRANSFER

3.1 **Initial Phase 1 Clinical Trial**. Xencor shall be the sponsor of the Ongoing Phase 1 Trial. Xencor shall conduct such trial in accordance with […***…] and the Xencor Development Plan as set forth in Exhibit J as it may be updated in accordance with this Agreement. Xencor shall pay all costs necessary to complete all activities listed in the Xencor Development Plan. The estimated budget for such costs is the amount of […***…] US Dollars ($[…***…]) (the "**Budget**"). For clarity, if the costs necessary to complete all activities listed in the Xencor Development Plan exceed the Budget, such costs shall be borne by Xencor. Notwithstanding the foregoing, in the event MorphoSys changes any material aspect of the listed activities or includes additional activities in the Xencor Development Plan in accordance with Section 2.2(e)(ii), [...***...]. Xencor shall also bear the costs for additional Licensed Product manufacturing after the Effective Date to supply Xencor's needs for the Ongoing Phase 1 Trial, to the extent such the Licensed Product from such additional manufacturing is used in the Ongoing Phase 1 Trial. For the costs of the remaining Licensed Product from such additional manufacturing, [...***...]

[...***...], whereby MorphoSys shall use Commercially Reasonable Efforts to use such material. In the event that manufacturing material from the same batch shall be used by Xencor for the Ongoing Phase 1 Trial and by

MorphoSys for a clinical trial under its own sponsorship, the Parties shall closely communicate with each other and seek to find the most advantageous way to enable such split of material. In case safety, regulatory or any other issues arise in the course of the Ongoing Phase 1 Trial in relation to which Xencor and/or MorphoSys reasonably conclude that Ongoing Phase 1 Trial should be stopped temporarily or entirely, decision making in such case shall be in accordance with the provisions of Section 2.2(e) (iii). To the full extent permitted by law, Xencor will include MorphoSys in monitoring visits and audits of clinical trials sites (but solely if permitted by the sites), Manufacturer and other Third Parties involved in the Ongoing Phase 1 Trial conduct.

3.2 Regulatory. Subject to Section 3.3 below, Xencor shall retain sponsorship for the Ongoing Phase 1 Trial, until such trial has been Completed (Reporting Purposes), is discontinued or sponsorship is transferred to MorphoSys. Promptly after the Effective Date, the JDC and the Parties' project teams for Licensed Product shall communicate and seek to find the most advantageous way to enable MorphoSys [...***...] as soon as is commercially reasonable under the circumstances (by granting MorphoSys in writing access to the data and information contained in the currently effective […***…], by transfer of the electronic files underlying Xencor's prior IND submission, transfer of sponsorship of the existing IND at the appropriate time, or other means).

3.3 Diligence Obligations of Xencor and Transfer of Ongoing Phase 1 Trial. Xencor shall use Commercially Reasonable Efforts to carry out its responsibilities under the Xencor Development Plan as it may be amended from time to time by the JDC, which shall include for the purposes of this Section, using the facilities and equipment in a good scientific manner and in compliance with applicable scientific standards, laboratory practices and legal and regulatory requirements, adhering to the timelines according to Exhibit J, adhere to all applicable national and international regulations and guidelines, appointing and retaining adequately trained personnel and engage, retain and control adequately qualified external personnel (e.g., CROs and consultants) and thereby collecting and retaining all relevant Know-How for the development and commercialization of Licensed Antibody(ies) and/or Licensed Products, and at any time use the same diligence and efforts as a similar biotechnology company, but in no event less than such efforts Xencor would use for the clinical trials of its own program(s) to complete all of the activities included in the Xencor Development Plan in Exhibit J, as it may be amended from time to time by the JDC, and shall use Commercially Reasonable Efforts to do so within the timeframe for Completion (Reporting Purposes) suggested in the Xencor Development Plan.

(a) In the event that Xencor does not meet the Xencor Development Plan timeline for Completion (Performance Metric), by more than […***…] due to a […***…] then the milestone payments for milestone events 1. and 2. for oncology indications according to Section 5.2 shall be reduced by […***…] ([…***…]%). To avoid doubt, this reduction shall not be made to the extent the delay of Completion (Performance Metric) relative to the timeline of the Xencor Development Plan results in whole or in part from any reason other than a […***…].

(b) Moreover, if Xencor does not meet the Xencor Development Plan timeline for Completion (Performance Metric), by more than […***…], then:

(i) Regardless of whether the delay is a […***…] or not, upon MorphoSys' request, Xencor shall arrange for transfer of the sponsorship for the Ongoing Phase 1 Trial to MorphoSys without undue delay and in agreement with MorphoSys, and MorphoSys, in its sole discretion (subject to its diligence obligations under this Agreement), may assume responsibility for the Ongoing Phase 1 Trial. In the event that sponsorship for the Ongoing Phase 1 Trial is transferred to MorphoSys, Xencor shall use Commercially Reasonable Efforts to provide MorphoSys with any information within the Licensed Know-How and/or assistance requested by MorphoSys, including assisting MorphoSys as requested in conducting the Ongoing Phase 1 Trial to a successful completion in the shortest amount of time reasonably possible; and

(ii) If the delay resulted from a […***…], then (x) the milestone payments for milestone events 1. and 2. for oncology indications according to Section 5.2 shall each be reduced by […***…] ([…***…]%), (y) no Sublicensing Revenue shall be paid by MorphoSys to Xencor in any case, and (z) any costs that MorphoSys has to bear to complete the Ongoing Phase 1 Trial will be credited against future payments due to Xencor by MorphoSys under this Agreement, *provided however*, that the sum of such credited costs shall not exceed the

difference between the Budget and all costs, which Xencor already spent for completion of such activities until the arrangement of transfer of the sponsorship to MorphoSys. To avoid doubt, this Section 3.3(b) (ii) shall not apply to the extent the delay of Completion (Performance Metric) relative to the timeline of the Xencor Development Plan results in whole or in part from any reason other than a […***…].

(c) Notwithstanding anything express or implied in this Agreement (including Article 10), the remedies set forth in Section 3.3(a) and (b)(ii) shall be the sole and exclusive remedies for […***…], and no other remedies shall be available to MorphoSys for […***…], express or implied, under this Agreement, at law, or in equity.

3.4 Disclosure Assistance to MorphoSys. Within […***…] after the Effective Date, unless MorphoSys extends such period at its sole discretion for certain Licensed Know-How, Xencor shall disclose and/or transfer to MorphoSys (a) copies of all Licensed Know-How that were in the data room prior to the Effective Date (and to be clear this excludes all information with respect to […***…]), and (b) the tangible materials and copies of the documents listed in Exhibit K. Xencor shall disclose and/or transfer to MorphoSys copies of all Licensed Know-How created during the Collaboration Term as soon as such copies become available to Xencor, including clinical source data. Within […***…] of the Effective Date, Xencor shall provide written permission to permit its third party contractors […***…] and any other Third Party that generates data as described above, to transfer copies of such data to MorphoSys to the extent such data are Licensed Know-How. If there is raw data within the Licensed Know-How that was not in the data room (1) that MorphoSys reasonably believes is required for communication with Regulatory Authorities or is actually requested by any Regulatory Authority, then MorphoSys may request this of Xencor and Xencor shall reasonably promptly provide it to MorphoSys; or (2) that does not fall within (1) but is reasonably needed by MorphoSys then MorphoSys may request such raw data whether or not listed in Exhibit K once a year and Xencor shall reasonably promptly provide it reasonably promptly after such request. Xencor shall have no obligation to translate documents provided pursuant to this Section into any language other than English.

3.5 Active Contracts

(a) Active Contracts Transfer to MorphoSys. In addition, to assist MorphoSys in making a smooth transition to commence its Licensed Product development activities and/or its Licensed Antibody development activities, the list of licenses and contracts set forth in Exhibit H is a list of all licenses and contracts between Xencor and Third Parties relating to the Licensed Antibody and Licensed Products that provide for currently ongoing or future services with respect to such Licensed Antibody and Licensed Products or are otherwise relevant for Licensed Product development activities and/or Licensed Antibody development activities("**Active Contracts**"). To avoid any misunderstanding, Active Contracts exclude consulting agreements, confidentiality agreements and materials transfer agreements. To the extent Xencor becomes aware that any Active Contracts existing as of the Effective Date have been omitted unintentionally from the list in Exhibit H but remain in effect or are otherwise relevant for Licensed Product development activities and/or Licensed Antibody development activities, Xencor will promptly notify MorphoSys of the omitted license or contract. To the extent requested by MorpoSys, other than licenses or contracts that Xencor needs to retain in order to perform its responsibilities with respect to the Ongoing Phase 1 Trial or that are master services agreements pertaining to other services for Xencor (identified in such Exhibit under the heading "Excluded Contracts" and referred to in this Agreement as "**Excluded Contracts**"), Xencor will seek to assign (or, if Xencor obtains consent of the counterparty, novate over to MorphoSys) the Active Contracts existing as of the Effective Date that Xencor has the right to assign in these circumstances to MorphoSys, provided with respect to each such license or contract that it is assignable to MorphoSys and MorphoSys agrees to assume financial responsibility and all other post-assignment performance obligations under each such license or contract; and provided, further, that assignment (or novation) of the contract shall not be deemed to assign to MorphoSys any Patents (or any license to Patents) that may have been assigned (or licensed) or are required to be assigned (or licensed) to Xencor under the contract based on inventions prior to the time the contract is assigned to MorphoSys (provided Patents assigned and/or licensed to Xencor shall be included in Licensed Patents and Post-Sublicensing Licensed Patents).

If any Excluded Contracts (which are not assigned to MorphoSys under the foregoing paragraph) are master services contracts, the Parties will cooperate and Xencor shall use Commercially Reasonable Efforts to seek

to assign the appropriate work order(s) or otherwise transition the appropriate services in a reasonable way. To avoid doubt, Commercially Reasonable Efforts in this context does not require Xencor to pay any consideration to the counterparty to the Excluded Contracts.

Xencor is not required under this Section 3.5 to assign to MorphoSys any license or contract that Xencor does not have the right to assign in these circumstances, but will use Commercially Reasonable Efforts to seek in good faith, from Xencor's counterparties whose consent is required, consent to do so or if preferred by Xencor and acceptable to MorphoSys consent for a novation and to re-form the contract directly with MorphoSys. To avoid doubt, Commercially Reasonable Efforts in this context does not require Xencor to pay any consideration to the counterparty to the Excluded Contracts.

(b) Additional Manufacturing. Within […***…] of the Effective Date, Xencor shall request a manufacturing slot from its third party contractor […***…] for the next available […***…] production slot by sending a change order notification. Xencor shall use Commercially Reasonable Efforts to schedule all activities for the foregoing production slot timely with all Manufacturers for completion of manufacturing the respective drug substance and drug product, including fill and finish operations for such production run.

3.6 Allocation of Responsibility for Further Development and Commercialization. Other than Xencor's responsibilities with respect to the Ongoing Phase 1 Trial, MorphoSys shall be responsible for all further development of Licensed Antibody(ies) and/or Licensed Products for, and commercialization (including marketing, promotion and sales) of Licensed Products in the MorphoSys Territory for the Field. MorphoSys (and its Affiliates and Sublicensees) shall have the right to file in its own name, and to own, all new INDs, Marketing Authorization Applications and Marketing Authorizations for Licensed Products in the MorphoSys Territory for the Field and may delegate and/or assign these rights to Affiliates and Sublicensees. As between the Parties, MorphoSys shall have the sole and exclusive right to select the product trademarks for the Licensed Products in the MorphoSys Territory for the Field (and may delegate and/or assign this right to Affiliates and Sublicensees). Licensed Product labeling and promotional materials shall in any event (to the extent permitted by applicable law and except solely as provided in the last sentence of this paragraph) state that the Licensed Product is under license from Xencor (or its successor) and include if requested by Xencor in writing (and MorphoSys shall query Xencor in writing at the time the label is being designed in each country) — to the extent permitted by applicable law — the Xencor name and then-current Xencor logo in a size no smaller than one quarter the size of the logo of the marketing entity, and subject to Xencor's then-current quality control guidelines with respect to such trademarks, a copy of which Xencor shall provide in writing to MorphoSys upon MorphoSys's written request. Notwithstanding the foregoing, if (a) Licensed Product is marketed by a Sublicensee, and the applicable Sublicense provides that neither of MorphoSys nor Xencor shall be referenced on the labeling and promotional materials (meaning that the Sublicense also provides that MorphoSys not be referenced), or (b) there is a legal requirement for MorphoSys to be on the label in any sublicensed country, then in these sole circumstances and solely within the scope of the applicable Sublicense's territory (or in the case of (b) the country of the legal requirement), the statement as to being under license from Xencor and the inclusion of Xencor's name and logo shall not be required if the Sublicense does not permit it.

3.7 Cost of Development and Commercialization. Other than the costs of the Ongoing Phase 1 Trial, as between the Parties, MorphoSys is responsible for all costs relating to the development and commercialization of Licensed Products for the MorphoSys Territory for the Field, including manufacturing, regulatory, clinical and registration costs.

3.8 Diligence Obligations of MorphoSys.

(a) MorphoSys shall use Commercially Reasonable Efforts to (i) achieve the milestone events as set out in Section 5.2, (ii) develop a human therapeutic or prophylactic Licensed Antibody and/or Licensed Product in a way that supports its Market Authorization in Major Markets and (iii) [...***...]. The scope of such development and commercialization activities shall include clinical development, manufacturing, process development and scale-up, seeking Marketing Authorization, providing for a reasonable commercial launch in those countries where Marketing Authorization is obtained and thereafter actively promoting to all appropriate

audience(s), to the extent Commercially Reasonable. In all of the foregoing activities, MorphoSys shall use Commercially Reasonable efforts to: use the facilities and equipment in a good scientific manner and in compliance with applicable scientific standards, laboratory practices and legal and regulatory requirements, adhere to all applicable national and international regulations and guidelines, appoint and retain adequately trained personnel and engage and control adequately qualified internal or external personnel and thereby collecting all relevant Know-How for the development and commercialization of Licensed Antibody(ies) and/or Licensed Products, and at any time use the same diligence and efforts as a similar biotechnology company.

(b) MorphoSys shall not be relieved of its diligence obligations under this Agreement by the mere granting of any Sublicense(s). With respect to Sublicensee's diligence obligations, it shall, however, be taken into account what would be deemed Commercially Reasonable Efforts by the respective Sublicensee(s). The activities and achievements of any Sublicensee(s) shall be counted towards MorphoSys' performance under this Agreement.

3.9 Records. MorphoSys shall maintain complete and accurate records of all work (including research, development, clinical, manufacturing and commercialization) it conducts (itself or through its Affiliates or by Third Parties other than Sublicensee(s) if any activities are subcontracted by MorphoSys and/or its Affiliates) under this Agreement and all results, data and developments made pursuant to its efforts under this Agreement. Such records shall be complete and accurate and shall fully and properly reflect all work done and results achieved in the performance of this Agreement in sufficient detail and in good scientific manner appropriate for Patent and regulatory purposes.

3.10 Communications with Regulatory Authorities. During the Collaboration Term, Xencor shall provide MorphoSys with reasonable advance notice of any meeting or substantive telephone conference with any Regulatory Authority relating to any Licensed Antibody and/or Licensed Product. MorphoSys shall have the right to attend and observe (but not participate actively in) any material meeting or material conference call with any Regulatory Authority regarding any of MorphoSys (or its Affiliate's or Sublicensee's) Licensed Antibody and/or Licensed Products. In addition, Xencor shall promptly furnish to MorphoSys copies of all correspondence that Xencor (or its Affiliate) receives from, or submits to, any Regulatory Authority (including contact reports concerning conversations or substantive meetings) relating to any Licensed Antibody and/or Licensed Product. Xencor shall also provide to MorphoSys any meeting minutes that reflect material communications with any Regulatory Authority regarding a Licensed Antibody and/or Licensed Product. Subject to the provisions of Section 2.2(c)(ii), MorphoSys shall provide in its MorphoSys Annual Development Reports to Xencor, and through JDC discussion, information regarding its (or its Affiliate's or, to the extent permitted by the Sublicense, Sublicensee's) interactions with Regulatory Authorities with respect to all Licensed Antibodies and/or Licensed Products in its respective Territory. In addition, to the extent permitted by law and subject to Section 3.6, Xencor may participate in communications and meetings with any Regulatory Authority to the extent the name and/or then-current Xencor logo is used on the drug product label and such labeling is being discussed in such communication or meeting. Notwithstanding MorphoSys' obligations under this Article 3, MorphoSys shall not be required to share with Xencor any information which MorphoSys is not permitted to share with Xencor under the applicable laws or regulations of the Securities & Exchange Commission or other regulatory body of the US or elsewhere.

3.11 Simultaneous Clinical Trials.

Prior to such time as the Parties are both simultaneously sponsoring human clinical trials of Licensed Antibody and/or Licensed Products (if ever), the Parties shall, as soon as it becomes evident that both Parties will simultaneously sponsor human clinical trials of Licensed Antibody and/or Licensed Products, mutually agree in writing as to a more detailed protocol regarding the exchange of all adverse event information and/or findings that could potentially affect the safety and/or well-being of patients, and/or materially change the scientific value of such clinical trials on an ongoing basis, including a timeline. Such protocol must provide a timeline and scope for reporting between the Parties that is at least sufficient to allow both Parties to satisfy their reporting obligations to Regulatory Authorities (current or future, worldwide). Such protocol and the data exchanged under it shall be provided in English language. Once the protocol is agreed in writing, each Party shall comply with it as an obligation under this Agreement, and may propose updates to it from time to time. To be clear, while the language above describes

establishing the protocol before simultaneous trials by both Parties are ongoing, the intention is for the Parties to then follow the protocol during the time periods when they have simultaneous trials ongoing.

3.12 Legal Compliance. In conducting any development and commercialization activities under this Agreement, each of MorphoSys and its Affiliates and Sublicensee(s), and Xencor and its Affiliates, shall: (a) use Commercially Reasonable Efforts to ensure that its employees, agents, clinical institutions and clinical investigators as well as any further entities actively involved in the conduct of development work (such as CROs, CMOs, laboratories, etc.) comply with all applicable statutory and regulatory requirements with respect to Licensed Antibodies and/or Licensed Products, including (as applicable): the Federal Food, Drug and Cosmetic Act, as amended (FFDCA), the Public Health Service Act (PHSA), the rules governing medicinal products in the European Union and further national legislation, regulatory provisions regarding protection of human subjects, financial disclosure by clinical investigators, Institutional Review Boards (IRB) and independent ethics committees, Good Clinical Practices, Good Laboratory Practices, Good Manufacturing Practices, IND regulations, and any conditions imposed by a reviewing IRB or Regulatory Authority, and comparable statutes and regulatory requirements in other jurisdictions; and (b) not, to the best of its knowledge, utilize, in conducting such studies, any person or entity that at such time is debarred by, or that, at such time, is under investigation by the FDA or other Regulatory Authority for debarment action pursuant to the provisions of the Generic Drug Enforcement Act of 1992 (21 U.S.C. Section 335), and comparable statutes and regulatory requirements in other jurisdictions. Notwithstanding anything express or implied in the foregoing or in any exercise of a final say by MorphoSys on the JDC, Xencor is only required to comply with U.S. standards in the conduct of the Ongoing Phase 1 Trial, unless (a) MorphoSys covers the incremental cost of compliance with any ex-U.S. standards requested by MorphoSys, or (b) there is no incremental cost of additionally complying with ex-U.S. standards requested by MorphoSys.

ARTICLE 4

LICENSING

4.1 License to MorphoSys. Subject to the terms and conditions of this Agreement, Xencor hereby grants to MorphoSys

(a) an exclusive, royalty-bearing (in accordance with Article 5) license under the Licensed Patents and Licensed Know-How to research, have researched, develop, have developed, make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import, have imported, export and have exported Licensed Antibody(ies) and/or Licensed Product(s) for the Field in the MorphoSys Territory; the making, using, selling, offering for sale or importing of which would, but for the License granted hereunder, infringe Licensed Patents;

(b) an exclusive license to all necessary rights to make and use all Licensed Know-How solely in order to practice the license of Section (a) (and specifically excluding all uses in support of activities outside the scope of the license in Section 4.1(a));

(c) a non-exclusive, royalty-free license under the Post-Sublicensing Licensed Patents to research, have researched, develop, have developed, make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import, have imported, export and have exported Licensed Antibody(ies) and/or Licensed Product(s) for the Field in the MorphoSys Territory; the making, using, selling, offering for sale or importing of which would, but for the License granted hereunder, infringe Post-Sublicensing Licensed Patents for the purpose of sublicensing such rights to MorphoSys' Sublicensee(s). To avoid doubt, to the extent MorphoSys enters into a *bona fide* co-development, co-marketing, or co-promotion agreement with a Sublicensee, then MorphoSys shall as part of such relationship be entitled to itself practice the license of this Section 4.1(c); outside of such circumstance, MorphoSys itself shall not have the right to practice the license of this Section 4.1(c), although this shall not be read to undermine MorphoSys's ability to Sublicense the license of this Section 4.1(c). Also to avoid doubt, the royalty-free nature of the license of this Section 4.1(c) shall not alter in any way the royalty-bearing nature of the license of Section 4.1(a) or of Section 4.1(d), even if applying to the same Licensed Product(s).

(d) an exclusive, royalty-bearing license, with the right to sublicense, in the MorphoSys Territory for all activities for all fields and applications to the Licensed Candidate-Specific Patents ("Candidate-Specific Patent License"); *provided, however,* that if for any reason any claim ever exists in a Licensed Candidate-Specific Patent that is broader than provided for in the definition thereof, the applicable Patent shall be subject to the license of Section 4.1(a) not this Section 4.1(d) until and unless it again is narrowed to the scope provided for in the definition of Licensed Candidate-Specific Patent. To avoid doubt, when the license of Section 4.1(a) and Section 4.1(d) both apply, then the royalties shall remain as written in Article 5 and there shall be no doubling of the royalties based on both such licenses applying.

Xencor retains the right, notwithstanding the exclusivity of the licenses in Sections 4.1(a), 4.1(b) and 4.1(d), but subject to Article 2 and 3 above, to conduct the Ongoing Phase 1 Trial to completion. The licenses granted to MorphoSys in this Section 4.1 shall be sublicensable solely as provided in Section 4.2, but shall otherwise be non-assignable and non-transferable (except as explicitly permitted by Article 10 or Section 13.9).

4.2 Sublicensing by MorphoSys. MorphoSys shall be entitled to grant Sublicenses under its license of Section 4.1, subject to all of the following and the rights of Xencor set forth in Section 4.11:

(a) MorphoSys must promptly notify Xencor after granting a Sublicense and […***…] within […***…] for the sole purpose of […***…]. Such […***…] may be […***…] in the event that […***…]. Xencor shall ensure that […***…], except solely to the extent required by law or to assert Xencor's rights under this Agreement […***…].

(b) Such Sublicensees cannot further sublicense except if all of the following conditions are satisfied: (1) the further Sublicenses must be on terms consistent with this Agreement, including this Section 4.2; and (2) if […***…], then the economic terms of the further Sublicenses must be such that the further sublicensing does not reduce the consideration that will be paid to Xencor under this Agreement, relative to what it would have been had MorphoSys' direct Sublicensee conducted the activities; and

(c) in the event that MorphoSys enters into a […***…] and to the extent such Sublicence provides for consideration in form of any "quids" (such as, by way of example but not limitation, rights for MorphoSys in any of the Sublicensee's other product candidates or products or intellectual property unrelated to Licensed Products), then except as may be otherwise agreed in writing by Xencor and MorphoSys, Xencor and MorphoSys shall mutually agree on and then consult an independent expert on the valuation of such quid before signature of the Sublicense agreement. Such expert shall render his valuation decision within thirty (30) days after signature of the Sublicense agreement. Xencor and MorphoSys shall jointly bear the costs for such expert. Such independent expert's opinion shall be final and binding upon both Parties.

(d) in the event MorphoSys' Sublicensee — at the time of entering into the Sublicense — […***…], the Sublicense shall (i) […***…] for the purpose of […***…] for Licensed Antibody and/or Licensed Product and (ii) […***…] that Sublicensee will perform the development of Licensed Antibody and/or Licensed Product […***…]; and (iii) […***…].

4.3 Exclusivity and Related Covenants.

(a) By Xencor. Xencor hereby covenants that, during the Term, it and its Affiliates shall not (and Other Licensees specifically do not covenant, and Xencor does not covenant that the Other Licensees shall not) (i) develop or commercialize any […***…]; or (ii) license any Xencor Fc Technology to any Third Party in any scope for any activity of any anti-CD19 Antibody except that Xencor may license any Xencor Fc Technology to Third Parties in connection with […***…] (to avoid doubt, this means that the Xencor Fc Technology shall be licensed solely with respect to anti-CD19 Antibodies that as modified by or incorporating Xencor Fc Technology meet the definition of […***…]), but such license regarding Xencor Fc Technology shall specifically exclude the right to license Xencor High-ADCC/CDC Fcs. The foregoing covenants (1) shall not — at any time — apply to any Antibody in clinical development or on the market as of or before the date of a Xencor Change of Control by

or for any acquirer of Xencor, or of the acquiring corporate family not Covered by any Patent owned or controlled by Xencor immediately prior to such Xencor Change of Control; and (2) shall not — at any time — apply to prohibit licensing of any Patent owned or controlled by the acquiror or its corporate family prior to or on the date of such Xencor Change of Control, claiming priority to such a Patent existing prior or on such date, or owned or controlled by such acquirer and/or the acquiring corporate family independently of Xencor (for clarity, in the case where Xencor is merged into another entity, the references here to "Xencor" and "independently of Xencor" mean to refer to "the merged entity" and "independently of the merged entity").

(b) By MorphoSys.

(i) […*…]**. Subject to (i) MorphoSys' and/or its Affiliates' existing (as of the Effective Date) HuCAL agreements, comprising any obligation for MorphoSys and/or its Affiliate(s) to generate or have generated antibodies to which MorphoSys' and/or its Affiliates' contract partners have any rights whatsoever, and (ii) any non-therapeutic, non-prophylactic activity of MorphoSys and/or its Affiliate(s), MorphoSys hereby covenants that, during the Term, it and its Affiliates shall not preclinically develop, develop in any human clinical trial, seek Market Authorization for, or in any way commercialize in the MorphoSys Territory any […***…]. Sublicensees specifically do not make such covenant, and MorphoSys does not make such covenant as to Sublicensees.

(ii) Licensed Antibodies. Subject to (i) MorphoSys' and/or its Affiliates' existing (as of the Effective Date) HuCAL agreements, comprising any obligation for MorphoSys and/or its Affiliate(s) to generate or have generated antibodies to which MorphoSys' and/or its Affiliates' contract partners have any rights whatsoever, and (ii) any non-therapeutic, non-prophylactic activity of MorphoSys and/or its Affiliate(s), MorphoSys hereby covenants that, during the Term, MorphoSys and its Affiliates shall not preclinically develop, develop in any human clinical trial, seek Market Authorization for, or in any way commercialize in the MorphoSys Territory any […***…] other than any Licensed Antibody and/or Licensed Products that are payment-bearing to Xencor under this Agreement (other than a Licensed Product for which the Royalty Term has expired, after such expiration; this covenant does not apply at such times to such Licensed Product). Sublicensees specifically do not make such covenant, and MorphoSys does not make such covenant as to Sublicensees.

(iii) The covenants in this Section 4.3(b)(i) and (ii) shall not — at any time — apply to any Antibody in clinical development or on the market as of or before the date of a MorphoSys Change of Control by or for any acquirer of MorphoSys, or of the acquiring corporate family not Covered by any Patent owned or controlled by MorphoSys immediately prior to such MorphoSys Change of Control, and and shall not — at any time — apply to prohibit licensing of any Patent owned or controlled by the acquiror or its corporate family prior to or on the date of such MorphoSys Change of Control, claiming priority to such a Patent existing prior or on such date, or owned or controlled by such acquirer and/or the acquiring corporate family independently of MorphoSys (for clarity, in the case where MorphoSys is merged into another entity, the references here to "MorphoSys" and "independently of MorphoSys" mean to refer to "the merged entity" and "independently of the merged entity").

(c) By both Parties

The Parties agree […***…]. The Parties, however, acknowledge that they or their respective Sublicensee or Other Licensee may have an interest to leverage the full potential of their respective products by […***…]. Hence, Xencor and MorphoSys shall be entitled to develop and commercialize more than […***…] Antibody from […***…] and more than […***…] Licensed Antibody, respectively, at any time; *provided* that […***…]. A Commercializing Party may also consist of several companies (e.g. within a co-marketing or co-promotion agreement), including in the situation in which the component entities of such a Commercializing Party may opt out of the commercialization activities at any time.

(d) Storage of Reference Material, Examination Rights, Data Update and Restriction on Material Transfer. […***…] In order to […***…], the Parties agree to the following:

(i) Storage

Reference material according to Exhibit A, Exhibit E and M […***…] shall be stored at an independent third party reasonably acceptable to MorphoSys and Xencor (the "Escrow Agent") promptly after the Effective Date. The Parties and the Escrow Agent shall enter into a three-party storage agreement which shall be negotiated in good faith and which shall contain provisions that the Escrow Agent shall release such reference material to either MorphoSys or Xencor solely to determine its Binding Constants of Affinity to […***…] […***…] (including […***…]), […***…], […***…] and/or […***…] (including […***…]), and may be requested by the other Party at any time with reasonable frequency. MorphoSys shall bear the costs associated with the storage of such reference material at the Escrow Agent's facilities, and each Party shall bear the costs of shipping to such Party by the Third Party in response to such Party's request. All of the testing provided for in this Section 4.3(d)(i) shall be using reference material produced in […***…], using the cell lines that were deposited into the escrow.

(ii) Additional Data.

Xencor shall promptly notify MorphoSys if Xencor discovers any XmAb5574 data or […***…] data generated by or on behalf of Xencor or its Affiliate(s) prior to the end of the Pre-Partnering Term with respect to the Affinity Constants of Binding relevant to the definition of […***…] Antibody or to antibody-dependent cytotoxicity relevant to the definition of […***…] Antibody; and in each case which has not yet been disclosed to MorphoSys, Xencor shall disclose such data to MorphoSys.

(iii) Restriction on Material Transfer

Xencor and its Affiliates shall not make available and/or transfer to Third Parties, other than those reasonably required for performance of the Ongoing Phase 1 Study, any Licensed Antibody or Licensed Product during the term of this Agreement after the Effective Date.

4.4 License from MorphoSys. MorphoSys hereby grants to Xencor (i) […***…] (other than any pass-through costs to MorphoSys' un-Affiliated licensors) […***…], (ii) […***…], and (iii) […***…] (other than any pass-through costs to MorphoSys' un-Affiliated licensors) […***…] in each case to research, develop, make, have made, use, sell, offer for sale, import and export […***…] Antibodies worldwide for any and all fields and applications, subject, however, to Xencor's covenant in Section 4.3(a) and 4.3(c). Such license shall be sublicenseable only in connection with the […***…] through one (1) or more tiers of sublicensees without the need to obtain prior consent from MorphoSys. Notwithstanding anything express or implied in the foregoing, Xencor shall not have the right to transfer any documents received from MorphoSys (including reports and plans under this Agreement) or any copies thereof to its Other Licensees or use such documents in […***…] Antibody activities.

4.5 Discussion of Possible Sublicensing. If Xencor has not partnered its […***…], and MorphoSys' actual Sublicensee, or possible Sublicensee in serious negotiations with MorphoSys, wishes to discuss being the partner of the […***…], MorphoSys shall notify Xencor in writing, and Xencor agrees to discuss this possibility with MorphoSys' actual or possible Sublicensee. Nothing in this Agreement shall restrict Xencor from partnering its […***…].

4.6 Reservation of Rights; No Implied Licenses. No right, title or interest is granted by either Party whether expressly or by implication to or under any Patents or Know-How, other than those rights and licenses expressly granted in this Agreement. Each Party reserves to itself all rights not expressly granted under this Agreement. Subject to the covenants agreed by the Parties hereunder, including the covenants according to Sec. 4.3, this Agreement shall not be deemed to restrict a Party from exploiting any of its rights not expressly granted to the other Party under this Agreement.

4.7 [Intentionally omitted.]

4.8 Technology Sublicensed from Third Parties. The licenses granted under this Article 4, to the extent they include (or come to include) sublicenses under Patents or Know-How of a Third Party, shall be

subject to the terms and conditions of the agreement with the Third Party governing the license under which the sublicense is granted; *provided, however*, that no such Third Party agreement shall conflict with the requirements of Section 4.11. For clarity, Licensed Patents and Licensed Know-How as of the Effective Date are not in-licensed and instead are owned by Xencor and thus do not carry any pass-through costs for MorphoSys.

4.9 Use of Patents and Know-How. Each Party hereby covenants that it (and its Affiliates and Sublicensees) shall not practice the Patents or Know-How (to avoid doubt, including any and all research materials provided under this Agreement) licensed to such Party under this Agreement outside the scope of the licenses to such Party under this Agreement. Notwithstanding the foregoing, if a Party unintentionally uses non-tangible Know-How of the other Party learned under this Agreement, outside the scope of a license to such first Party set forth in this Agreement, this shall not be considered a breach of this Agreement and such other Party agrees not to bring suit (including arbitration under Article 12) against such first Party.

4.10 Change of Control. A change of Control for either Party shall not be deemed to trigger any of the Sublicenses (for MorphoSys) and/or partnering provisions (for Xencor) of this Agreement.

4.11 Coordination of Sublicenses and Rights of Other Licensees with this Agreement.

(a) MorphoSys shall ensure that its agreements with Sublicensees are consistent with and impose obligations consistent with the applicable terms and conditions regarding Sublicensees set forth in this Agreement, including Sections 2.2(c)(ii), 2.3, 2.6, 3.6, 3.8(b), 3.10, 3.12, 4.2, 4.3(c), 4.9, 4.11(a), 5.11, 5.13(d), 6.5(h), 6.9, 7.2(e), and 9.1 (the Sublicensee shall make an equivalent indemnification of the Xencor Indemnitees), and 10.6(l). Subject to Section 4.4, MorphoSys shall in particular require its Sublicensees to […***…]. Information provided by a Sublicensee (or of a Sublicensee provided by MorphoSys) to Xencor and, to the extent permitted by this Agreement, its Other Licensees under this Section 4.11(a) shall be treated as Confidential Information of MorphoSys.

(b) Xencor shall ensure that its agreements with Other Licensees are consistent with and impose on its Other Licensees obligations consistent with the applicable terms and conditions set forth in this Agreement, including Sections 4.1 (with respect to Post-Partnering Patents and providing the necessary license), 4.3 (c), 4.4, 4.9, 4.11(b), 4.12 (as regards the protection of Confidential Information by the Other Licensee), 6.5(h), and 7.2(e). Xencor shall in particular require its Other Licensees to provide to Xencor ownership of or an exclusive (with respect to activities permitted under this Agreement), sublicenseable (through one (1) or more tiers) license under all Post-Partnering Patents, other than Post-Sublicensing Licensed Patents, for which it shall suffice for Xencor to obtain a non-exclusive license back which license as sublicensed to MorphoSys shall (in all of the foregoing cases) be free of additional payments (including royalties). Information provided by an Other Licensee (or of an Other Licensee provided by Xencor) to MorphoSys and, to the extent permitted by this Agreement, its Sublicensees under this Section 4.9(b) shall be treated as Confidential Information of Xencor.

4.12 Inventions by Service Providers. MorphoSys shall […***…], as well as all underlying original data and documentation, for purposes of development and commercialization of Licensed Antibody(ies), and Licensed Product(s) in the Field after a termination event under this Agreement that would lead to reversion to Xencor under Article 10, and (ii) […***…]. To avoid doubt, this does not apply to Sublicensees and Other Licensees, which are dealt with in Section 4.11. Information provided by a MorphoSys contractor (or of a MorphoSys contractor provided by MorphoSys) to Xencor and, to the extent permitted by this Agreement, its Other Licensees under this Section 4.12 shall be the Confidential Information of MorphoSys.

ARTICLE 5

COMPENSATION

5.1 Up-Front Payment. In consideration of the license granted to MorphoSys under Sec. 4.1, MorphoSys shall pay Xencor a one-time upfront payment of thirteen million dollars ($13,000,000), due upon

execution of this Agreement and payable […***…] of the Effective Date. Such amount shall be non-refundable and shall not be creditable against any other amount due hereunder.

5.2 Milestone Payments. Subject to Section 3.3 and 5.2 (f) and (g), MorphoSys shall also pay the following milestone payments to Xencor, each due upon the first achievement of each milestone event indicated below (whether achieved by or on behalf of either Party or its Affiliate, Sublicensee, or any other entity acting on behalf of any of them) with respect to the first Licensed Product comprising […***…], achieving such milestone event; provided, however, that such milestone payments for the events (i) "[…***…]" and (ii) "[…***…]" are only applicable and the related payment shall only be due if such event occurs in a Major Country. MorphoSys shall notify Xencor upon achievement of any milestone event as set forth in this provision, and shall pay the applicable milestone payment within […***…] if such milestone event was achieved by MorphoSys and within […***…] if such milestone event was achieved by Sublicensee.

ONCOLOGY INDICATIONS

Milestone Event	Milestone Payment
1. […***…]	[…***…] dollars ($ […***…])
2. […***…]	[…***…] dollars ($ […***…])
3. […***…]	[…***…] dollars ($[…***…])
4. […***…]	[…***…] dollars ($[…***…])
5. […***…]	[…***…] dollars ($ […***…])
6. […***…]	[…***…] dollars ($ […***…])
7. […***…]	[…***…] dollars ($ […***…])
8. […***…]	[…***…] dollars ($ […***…])

Milestone Event	Milestone Payment
9. […***…]	[…***…] dollars ($ […***…])
10. […***…]	[…***…] dollars ($ […***…])
11. […***…]	[…***…] dollars ($ […***…])
12. […***…]	[…***…] dollars ($ […***…])
13. […***…]	[…***…] dollars ($ […***…])
14. […***…]	[…***…] dollars ($ […***…])
15. […***…]	[…***…] dollars ($ […***…])

16. […***…]	[…***…] dollars ($ […***…])
17. […***…]	[…***…] dollars ($ […***…])
TOTAL CUMULATIVE AVAILABLE ONCOLOGY MILESTONES	**One hundred and fifty one million dollars ($ 151,000,000)**

AUTOIMMUNE INDICATIONS

Milestone Event	Milestone Payment
1. […***…]	[…***…] dollars ($ […***…])
2. […***…]	[…***…] dollars ($ […***…])
3. […***…]	[…***…] dollars ($ […***…])
4. […***…]	[…***…] dollars ($ […***…])
5. […***…]	[…***…] dollars ($ […***…])
6. […***…]	[…***…] dollars ($ […***…])
7. […***…]	[…***…] dollars ($ […***…])
8. […***…]	[…***…] dollars ($ […***…])
9. […***…]	[…***…] dollars ($ […***…])
10. […***…]	[…***…] dollars ($ […***…])
11. […***…]	[…***…] dollars ($ […***…])
12. […***…]	[…***…] dollars ($ […***…])
13. […***…]	[…***…] dollars ($ […***…])
14. […***…]	[…***…] dollars ($ […***…])

Milestone Event	Milestone Payment
15. […***…]	[…***…] dollars ($ […***…])

16. […***…]	[…***…] dollars ($ […***…])
TOTAL AVAILABLE AUTOIMMUNE MILESTONES	**One hundred and one million dollars ($ 101,000,000)**

SALES MILESTONES

Milestone Event	Milestone Payment
1. […***…]	[…***…] dollars ($ […***…])
2. […***…]	[…***…] dollars ($ […***…])
TOTAL AVAILABLE SALES MILESTONES	**Fifty million dollars ($ 50,000,000)**

(a) For the sake of clarity, each milestone shall be paid only once, and only for the first Licensed Product to reach such milestone.

(b) Each milestone payment shall be nonrefundable and noncreditable against any other payments due under this Agreement, except as provided in Section 3.3.

(c) If a milestone is achieved without the earlier milestones in the same table having been paid that would normally be steps along the way to achieve the later milestone, then MorphoSys shall pay the payment for the earlier milestone(s) along with the payment for such subsequent milestone (and the earlier milestone(s) shall be deemed achieved and payable). By way of non-limiting example with respect to the oncology indications milestones, if milestone event 10 is achieved without the milestone payment for milestone event 5 having been paid, then MorphoSys shall pay the payment for milestone event 5 along with the payment for milestone event 10. This same principle shall apply (and the earlier milestone shall be deemed achieved and payable), if for example milestone event 16 is achieved before any of milestone events 6, and 11.

(d) For all purposes under this Section, whether an […***…] (if applicable) for any given milestone event will be determined not based on […***…]

(e) MorphoSys or its Affiliate achieves the milestone event "[…***…]" by […***…] and the respective milestone payment becomes due thereupon. In case of a Sublicense, achievement of such milestone event is deemed to have occurred at the event provided for in the Sublicense, i.e. either by […***…] or by […***…].

(f) If more than one […***…] is pursued in the same […***…], then only one (1) […***…] milestone event (and for clarity, in all cases the highest applicable milestone event) shall be triggered by the commencement of such […***…]; *provided, however* that if a […***…] is achieved for more than one (1) such […***…] pursued in the same […***…] (or if a […***…] is obtained for more than one (1) […***…] without the […***…] milestone event having first been achieved for more than one (1) such oncology indication (i.e. […***…]), then a back milestone payment shall be due for each […***…] milestone that was not previously due under this Agreement due to the foregoing in this sentence, on the same timing as the […***…] milestone (or if earlier […***…]) becomes due for such subsequent oncology indication. (It is understood and agreed that the timing of […***…] milestones (whether in relation to […***…]) being due shall be determined in accordance with Section 5.2(e).)

(g) Limitations on Post-Sublicensing Milestones. With respect to all milestones under this Section 5.2 achieved after a Sublicense by MorphoSys becomes effective ("**Post-Sublicensing Milestones**"), MorphoSys shall only be required to pay each Post-Sublicensing Milestones to the extent:

(i) aggregate Post-Sublicensing Milestones through the time a given Post-Sublicensing Milestone becomes due do not exceed […***…] ([…***…]%) of the number equal to aggregate […***…] received by MorphoSys (or its Affiliate) through such time minus […***…] ($[…***…]); and

(ii) total Post-Sublicensing Milestone payments payable in the MorphoSys fiscal year in which the individual Post-Sublicensing Milestone would otherwise be payable do not exceed the number equal to […***…] received by MorphoSys (or its Affiliate) in such fiscal year plus […***…] dollars ($[…***…]).

The portion of any Post-Sublicensing Milestone that is not paid at the time it would otherwise be due, because of the operation of the payment limitations set forth in subsections (i) and/or (ii) of this Section 5.2(g), shall remain as a credit to Xencor, and be paid to Xencor as soon as MorphoSys (or its Affiliate) has received sufficient […***…] that the applicable limitation(s), whether (i) and/or (ii), no longer apply(ies). This may occur in the same or in a subsequent MorphoSys fiscal year or years, depending when MorphoSys or its Affiliate receives additional […***…]. To avoid doubt, the payment limitations set forth in subsections (i) and/or (ii) of this Section 5.2(g) apply whether the Sublicense is worldwide or less than worldwide. For the avoidance of doubt, in the case if the […***…] ([…***…]%) limitation under this Section 5.2(g) is applied and if […***…] would have been due on the same Sublicense under Section 5.3, then the […***…] ([…***…]%) under this Section 5.2(g) and the […***…] percent ([…***…]%) under Section 5.3 shall not add together, and instead only the […***…] ([…***…]%) under this Section 5.2(g) shall be due.

5.3 Sublicensing Revenue. In the event that MorphoSys enters into a Sublicense prior to […***…] for a Licensed Product covered by the Sublicense, but subject to Section 3.3(b), MorphoSys shall pay to Xencor […***…] ([…***…] %) of all Sublicensing Revenue. Notwithstanding the foregoing, in the event that MorphoSys enters into a Sublicense […***…] or later after the Effective Date, an amount of […***…] US Dollars ($ […***…]) shall be deducted from […***…] received by MorphoSys from Sublicensee before calculating Xencor's share of Sublicensing Revenue due under this Section 5.3. For the purpose of this Section, a Sublicense is deemed granted the date it is committed to in a legally binding way, including in the case of an option for a Sublicense, the date the legally binding document granting the option is signed or otherwise becomes effective. For amounts of consideration for Sublicense paid to MorphoSys or its Affiliates by its Sublicensees, which amounts are received for achievement of the milestone events set forth in Section 5.2, to the extent that MorphoSys actually pays such amounts to Xencor pursuant to Section 5.2, the Milestone Payments according to Sec. 5.2 hereof shall be deducted from […***…] before calculating Xencor's share of Sublicensing Revenue due under this Section.

The percentage of Sublicensing Revenue is due to Xencor after MorphoSys or its Affiliate receives the underlying Sublicensing Revenue and. MorphoSys shall inform Xencor about the receipt of any Sublicensing Revenue and shall make the respective payment to Xencor within […***…] of such receipt.

5.4 Royalty Payments.

(a) MorphoSys shall pay to Xencor royalties on Net Sales of Licensed Products at the applicable rate selected from the following table with respect to all Net Sales achieved in a given calendar year and during the applicable Royalty Term of such Licensed Products (determined on a country-by-country basis).

Worldwide Net Sales of Licensed Products in any Calendar Year	**Royalty Due to Xencor (as a percentage of Net Sales)**
Level 1: That portion of Net Sales in any given calendar year that is less than or equal to […***…] dollars ($[…***…])	[…***…] ([…***…]%)

Level 2: That portion of Net Sales in any given calendar year that is greater than $[…***…], but less than or equal to […***…] dollars ($[…***…])	[…***…] ([…***…]%)
Level 3: That portion of Net Sales in any given calendar year that is greater than […***…] dollars ($[…***…]), but less than or equal to […***…] dollars ($[…***…])	[…***…] ([…***…]%)
Level 4: That portion of Net Sales in any given calendar year that exceeds […***…] dollars ($[…***…])	[…***…] ([…***…]%)

The royalty rates under this Section are incremental with respect to the annual Net Sales of Licensed Product. As an example, if Licensed Products achieve in any given calendar year […***…] dollars ($[…***…]) in Net Sales, then a […***…] ([…***…]%) royalty shall be paid on the first […***…] dollars ($[…***…]), an […***…] ([…***…]%) royalty shall be paid on the next […***…] dollars ($[…***…]), and a […***…] ([…***…]%) royalty shall be paid on the remaining […***…] dollars ($[…***…]).

(b) Offset for Third-Party Composition Patents. If MorphoSys or its Affiliate(s) or Sublicensee(s) enter into any agreement with a Third Party for a license under an issued Patent which Covers the specific composition of matter of: (i) XmAb5574 due to and because of the sequence of its Fv or of its Fc variants, or of (ii) the Xencor High-ADCC/CDC Fc variants of any other Licensed Antibody which is under development or commercialization by MorphoSys or its Affiliate(s) or Sublicensee(s) due to and because of the sequence of such Xencor High-ADCC/CDC Fc variants ("**Issued Specific Composition Patents;**" to avoid doubt, an issued Patent will "Cover the specific composition" via a use claim if the scope of the use claims is limited to uses of such specific composition of matter due to and because of the sequence (meaning the Fv or Fc variants in the case of XmAb5574 and the Xencor High-ADCC/CDC Fc variants of such other Licensed Antibody) (and the foregoing specifically excluding Patents that apply due to any chemical modification thereto not present in the form thereof being tested in the Ongoing Phase 1 Trial), then […***…] ([…***…]%) of the net sales royalties actually paid to the Third Party under such license with respect to Net Sales in any given calendar quarter in any given country may be offset against the royalty that would otherwise have been payable to Xencor with respect to such Net Sales in such calendar quarter; *provided, however*, that the foregoing reduction shall not reduce the royalty owed to Xencor in any given calendar quarter below […***…] ([…***…]%) of Net Sales.

In the event MorphoSys enters into a Sublicense, and the Sublicense contains an offset for Issued Specific Composition Patents, MorphoSys shall be able to pass through to Xencor the entire such offset agreed in the Sublicense if such offset is defined as […***…] ([…***…]%) or less of the net sales royalties actually paid to the Third Party by Sublicensee on Issued Specific Composition Patents. In case such offset is more than […***…] ([…***…]%), MorphoSys shall only be able to pass through to Xencor an offset of […***…] ([…***…]%) of such net sales royalties on Issued Specific Composition Patents. As an example, in case the Sublicensee has a royalty burden of […***…] ([…***…]%) of Net Sales to a Third Party as described above, and passes through to MorphoSys a […***…] ([…***…]%) offset of […***…] ([…***…]%) of Net Sales royalties, MorphoSys shall be able to pass through the full offset to Xencor. In case the Sublicensee passes through to MorphoSys an offset of […***…] ([…***…]%) of such […***…]% royalty burden to a Third Party, i.e. […***…] ([…***…]%) of Net Sales royalties, then MorphoSys shall be able to only pass through to Xencor an offset of […***…] ([…***…]%) of such […***…]% royalty burden to a Third Party, i.e. […***…] ([…***…]%) of Net Sales royalties, and has to carry the remaining […***…] ([…***…]%) offset, i.e. […***…] ([…***…]%) of Net Sales royalties itself. To avoid doubt, all of the foregoing examples relate solely to royalties on Issued Specific Composition Patents.

To avoid doubt, the foregoing offset of the foregoing 2 paragraphs is not available for royalties to Third Parties on Know-How or on any of the following kinds of Patents: (1) Patents Covering production and manufacturing (including expression); (2) Patents Covering CD19; (3) Patents Covering formulations; (4) Patents Covering delivery (including Patents on delivery devices and Patents on modes of administration); and (5) Patents whose use claims are general and do not apply based on the sequence as described in the first sentence of this Section 5.4(b).

To further avoid doubt, if Xencor does not challenge MorphoSys's application of this Section to any particular Patent, this does not mean that Xencor believes, agrees or admits vis-à-vis Third Parties that the given Patent claims the composition of matter of XmAb5574 or the Xencor High-ADCC/CDC Fc portion of any Licensed Antibody, or that it is valid or enforceable. Xencor may have many reasons other than believing, agreeing or admitting the foregoing, for not challenging any given application of the offset of this Section by MorphoSys, including avoiding the costs of litigation, or not being in litigation with a licensee, or Xencor may judge that benefits of MorphoSys having in place a license that makes MorphoSys comfortable to continue with commercialization may outweigh the costs of allowing MorphoSys to take the offset even though Xencor disagrees with MorphoSys on whether the license is needed or the Patent(s) Cover or are valid or enforceable.

(c) **Royalty Term**. "**Royalty Term**" means the time from the first post-Marketing Authorization sale of the first Licensed Product in a given country, on a country by country basis, until the last to occur of (X) the expiration or invalidation of the last Valid Claim of Licensed Patents that would be infringed, but for the license of this Agreement or joint ownership of the particular Valid Claim, in any of the ways described in the definition of "Cover," by the making, using, selling, offering for sale, importing or exporting of the Licensed Product that is actually sold in such country in which such Licensed Product is manufactured or sold, and (Y) eleven (11) years after the first post-Marketing Authorization sale of the first Licensed Product in such country. Clause (X) of Royalty Term is determined on a country-by-country and Licensed Product-by-Licensed Product basis, whereas clause (Y) of Royalty Term is determined only on a country-by-country basis. The royalties payable with respect to Net Sales of Licensed Products shall be reduced to […***…] percent ([…***…]%) of the otherwise applicable rates, with respect to Net Sales of a Licensed Product in a country during any portion of the Royalty Term when there is not a Valid Claim of Licensed Patents that would be infringed, but for the license of this Agreement or joint ownership of the particular Valid Claim, in any of the ways described in the definition of "Cover," by the making, using, selling, offering for sale, importing or exporting of the Licensed Product that is actually sold in the country of manufacture or sale. For the avoidance of doubt, the […***…] percent ([…***…]%) reduction shall in this situation apply to every royalty rate otherwise applicable except for the "floor" of […***…] percent ([…***…]%) which shall be […***…] percent ([…***…]%) in this case.

5.5 **Quarterly Payment Timings.** All royalties due under Section 5.4 shall be paid quarterly, on a country-by-country basis, due and payable with the relevant Royalty Payment Report referred to in Section 5.6 below.

5.6 **Royalty Payment Reports**. With respect to each calendar quarter for which royalties are due under this Agreement, within […***…] after the end of the calendar quarter, MorphoSys shall provide to Xencor a written report stating the number of all royalty-bearing sales of Licensed Products sold during the relevant calendar quarter; the gross sales associated therewith; and the calculation of Net Sales thereon, including the amount of any deduction provided for in the definition of Net Sales in Article 1 (broken down by category as enumerated in such definition). The report shall provide all such information on a country-by-country basis.

5.7 **Payment Method**.

(a) Except as provided in Section 5.10 regarding blocked currency, all payments due under this Agreement to Xencor shall be made by bank wire transfer in immediately available funds to an account designated by Xencor. All payments under this Agreement shall be made in the legal currency of the United States of America, and all references to "**$**" or "**dollars**" shall refer to United States dollars (i.e., the legal currency of the United States).

(b) Without prejudice to MorphoSys' payment obligations according to Section 5.1 through 5.4, Xencor shall use commercially reasonable efforts to provide MorphoSys with an invoice following the receipt of such payments.

5.8 **No Credits or Refunds**. All payments to Xencor hereunder shall be noncreditable, not subject to offset, and nonrefundable, except as set forth in Section 3.3 and except to the extent that an audit conducted pursuant to Section 5.13 below confirms that MorphoSys had overpaid amounts to Xencor, in which case

MorphoSys shall have a credit applicable against any and all payments subsequently due under this Agreement and except for the offset according to Section 5.4 (b).

5.9 Taxes. MorphoSys shall be responsible for the amount of any taxes required to be withheld by MorphoSys under applicable law. Accordingly, if any such taxes are levied on such payments due hereunder ("**Withholding Taxes**"), MorphoSys shall (i) deduct the Withholding Taxes from the payment amount, (ii) pay all applicable Withholding Taxes to the proper taxing authority, and (iii) send evidence of the obligation together with proof of tax payment to Xencor within […***…] following that tax payment. Xencor is entitled to require that MorphoSys tender payment from a U.S. or a German bank account. If MorphoSys is required to deduct Withholding Taxes from a payment to Xencor under this Agreement, MorphoSys agrees to use reasonable efforts to assist Xencor in claiming exemption from such deductions or withholdings under any not-for-profit status, applicable double taxation or similar agreement or treaty.

5.10 Blocked Currency. In each country where the local currency is blocked and cannot be removed from the country, royalties accrued in that country shall be paid to Xencor in the country in local currency by deposit in a local bank designated by Xencor, unless the Parties otherwise agree.

5.11 Sublicenses. If MorphoSys grants any Sublicenses, MorphoSys shall include an obligation for the Sublicensee to (i) maintain records adequate to document and verify the proper Sublicensing Revenues to be paid to MorphoSys; (ii) provide reports with each Sublicensing Revenue payment to MorphoSys sufficient to allow such verification; and (iii) allow MorphoSys to conduct or have conducted on MorphoSys' behalf as requested by Xencor in accordance with Section 5.13(d) an audit to verify the proper payment of Sublicensing Revenues, milestones, Net Sales, royalties, as applicable.

5.12 Foreign Exchange. If any currency conversion shall be required in connection with the calculation of amounts payable hereunder, such conversion shall be made using the average of the exchange rates for the purchase and sale of U.S. dollars, as reported by the *Wall Street Journal* (or a successor entity) during the calendar quarter to which such payment pertains. With any payment in relation to which a currency conversion is performed to calculate the amount of payment due, MorphoSys shall provide to Xencor a true, accurate and complete copy of the *Wall Street Journal* (or a successor entity) exchange rates used in the calculation.

5.13 Records; Inspection.

(a) MorphoSys shall keep and ensure that its Affiliates keep complete and accurate records of its sales and other dispositions (including use in clinical trials, or provision on a compassionate use basis or as marketing samples) of the Licensed Products, including all such records that may be necessary for the purposes of calculating all payments due under this Agreement. MorphoSys shall make such records available for inspection by an accounting firm selected by Xencor under Section 5.13(c) at MorphoSys' s premises in Germany on reasonable notice during regular business hours (in accordance with the remaining provisions of this Section) no more than once in any calendar year.

(b) Upon timely request and at least […***…] prior written notice from Xencor, MorphoSys shall permit such audit to be conducted during regular business hours in such a manner as to not unnecessarily interfere with MorphoSys's normal business activities. Such audit shall be limited to results in any period that has not previously been audited under this Section, not to exceed […***…] prior to the audit notification.

(c) At Xencor's expense no more than once per calendar year, Xencor has the right to retain an independent certified public accountant from a nationally recognized (in the U.S.) accounting firm (that is not an Affiliate of Xencor) to perform on behalf of Xencor an audit, conducted in accordance with GAAP, of such books and records of MorphoSys and its Affiliates as are deemed necessary by the independent public accountant to report on Net Sales for the period or periods requested by Xencor and the correctness of any report or payments made under this Agreement (all subject to subsection (b)).

(d) MorphoSys shall ensure that its Sublicensees keep complete and accurate records of such Sublicensee's sales and other dispositions (including use in clinical trials, or provision on a compassionate use basis or as marketing samples) of the Licensed Products including all such records that may be necessary for the purposes of calculating all payments due under this Agreement. MorphoSys shall require that such Sublicensee make such records available for inspection by MorphoSys or an independent auditor reasonably acceptable to Sublicensee, once during any calendar year in which the agreement between MorphoSys and any Sublicensee is in effect and thereafter for a period of […***…] after the calendar year to which the audit pertains. Upon the reasonable request of Xencor, with respect to any such Sublicensee, and no more than once in any calendar year, MorphoSys shall exercise its audit rights with respect to such Sublicensee and shall report the results of such audit to Xencor in accordance with Section 5.13(f). The costs for such requested audit shall be paid by Xencor unless (i) an underpayment of more than […***…] ([…***…]%) is revealed as described in section 5.13 (g) or (ii) MorphoSys would also have performed an audit of its Sublicensee in that calendar year without Xencor's request.

(e) All information, data, documents and abstracts referred to in this Section shall be used only for the purpose of verifying compliance with this Agreement, shall be treated as MorphoSys' Confidential Information subject to the obligations of this Agreement and need not be retained more than […***…] from the end of the calendar year to which each shall pertain.

(f) Summary of audit results shall be shared by MorphoSys and Xencor to the extent reasonably necessary to enable Xencor to verify compliance with payment obligations. The auditor shall be under written obligations to MorphoSys (and, where applicable, any Sublicensee) of confidentiality and non-use (other than uses required by this Section).

(g) If the audit reveals an underpayment, MorphoSys shall promptly pay to Xencor the amount of such undisputed underpayment plus interest in accordance with Section 5.14. If the audit reveals that the undisputed monies owed by MorphoSys to Xencor has been understated by more than […***…] ([…***…]%) for the period audited, MorphoSys shall, in addition, pay the reasonable costs of such audit.

5.14 Interest. If MorphoSys fails to make any payment due to Xencor under this Agreement, then interest shall accrue on a pro-rated basis from the date after the particular payment is due (if not paid by that date) until paid at a rate equal to the Dollars prime or equivalent rate per annum quoted by *The Wall Street Journal* (or its successor, or, if neither then exists, a similarly reputable and authoritative source for such information) on the first business day after such payment is due, plus […***…] ([…***…]%).

ARTICLE 6

PATENTS

6.1 Ownership and Disclosure of Inventions.

(a) Ownership. Xencor shall solely own all right, title and interest in the Listed Xencor Patents, the Xencor Pre-Sublicensing Product Invention Patents, the Xencor Product Invention Patents and the MorphoSys Core Improvement Invention Patents, and to be clear, the Licensed Core/Fc Platform Patents, the Licensed Candidate-Specific Patents and the Licensed Broader Anti-CD19 Patents. As between the Parties, MorphoSys shall solely own all right, title and interest in the MorphoSys Product Invention Patents. Xencor and MorphoSys shall jointly own all right, title and interest in the Joint Collaboration Product Invention Patents. As between the Parties, Xencor shall solely own all right, title and interest in (or be the Licensee of a Third Party for) the Post-Partnering Patents and the inventions that they claim. As between the Parties, MorphoSys shall solely own all right, title and interest in (or be the licensee of a Third Party for) the Post-Sublicensing Patents.

(b) Implementation. Each Party hereby assigns to the other Party inventions and associated Patents and Know-How solely as necessary to achieve ownership as provided in Section 6.1(a). Each Party hereby assigns to the other Party, and hereby grants to the other Party all consents, licenses and waivers, in

each case that are necessary to achieve such ownership worldwide. Each Party agrees to provide to the other Party and execute all documents and instruments evidencing or that may be required to record, perfect or enforce such assignments, consents, licenses and waivers promptly upon the other Party's request. Each Party hereby appoints the other Party as the appointing Party's attorney-in-fact to execute and deliver each of the foregoing documents and instruments if the appointed Party is unable, after making reasonable inquiry, to obtain the appointing Party's signature on any such documents and instruments. Each Party (and its Affiliates) shall perform its activities under this Agreement through personnel who have made a similar assignment and appointment to and of such Party or its Affiliate. Each assigning Party shall make its relevant personnel (and their assignments and signatures on such documents and instruments) reasonably available to the other Party for assistance in accordance with this Article at no charge.

(c) Invention Disclosure. Without modifying or limiting the ownership and rights as provided for in Section 6.1(a), each Party shall, prior to any public disclosure or filing of a patent application, disclose to the other Party any Xencor Pre-Sublicensing Product Invention, Xencor Product Invention, MorphoSys Core Improvement Invention, MorphoSys Product Invention, or Joint Collaboration Product Invention, as applicable, and allow reasonably sufficient time (at least […***…] from the date of receipt by the other party) for comment and review by the other Party as to whether such other Party would recommend for a Patent to be filed (but only by the Party or Parties who is or are entitled to do so in accordance with Section 6.2). Any public disclosure may be delayed by either Party's written request for a period not to exceed […***…] if it contains disclosure on which the other party desires to file a patent. Without modifying or limiting the ownership and rights as provided for in Section 6.1(a), each Party and/or its respective licensee shall disclose Post-Partnering Patents and Post-Sublicensing Patents to the other Party promptly after the filing of such patent application.

6.2 Prosecution of Patents.

(a) Licensed Core/Fc Platform Patents and MorphoSys Core Improvement Invention Patents. Xencor shall have the sole right in its sole discretion to perform the filing, prosecution and maintenance of the Licensed Core/Fc Platform Patents and MorphoSys Core Improvement Invention Patents on a worldwide basis. With respect to the prosecution and maintenance costs for Licensed Core/Fc Platform Patents and MorphoSys Core Improvement Patents, Xencor shall be responsible for […***…] ([…***…]%) of such costs.

(b) Xencor Pre-Sublicensing Product Invention Patents and Xencor Product Invention Patents. Xencor shall be responsible to perform the filing, prosecution and maintenance of Xencor Pre-Sublicensing Product Invention Patents and Xencor Product Invention Patents on a worldwide basis (meaning in those countries of the world where it is consistent with the application of Commercially Reasonable Efforts (but not greater efforts) to file, prosecute and maintain them). Regarding Xencor Pre-Sublicensing Product Invention Patents and Xencor Product Invention Patents, both which relate solely to Licensed Products, MorphoSys shall be responsible for all of the respective prosecution and maintenance costs. Xencor shall be responsible for all of the prosecution and maintenance costs of any Xencor Pre-Sublicensing Product Invention Patents and Xencor Product Invention Patents that do not relate solely to Licensed Products.

(c) Joint Collaboration Product Invention Patents. MorphoSys shall be responsible to perform the filing, prosecution and maintenance and be responsible for all of the prosecution and maintenance costs of Joint Collaboration Product Invention Patents on a worldwide basis (meaning in those countries of the world where it is consistent with the application of Commercially Reasonable Efforts (but not greater efforts) to file, prosecute and maintain them).

(d) MorphoSys Product Invention Patents. MorphoSys shall be responsible to perform the filing, prosecution and maintenance and be responsible for all of the prosecution and maintenance costs of MorphoSys Product Invention Patents (meaning in those countries of the world where it is consistent with the application of Commercially Reasonable Efforts (but not greater efforts) to file, prosecute and maintain them).

(e) Licensed Candidate-Specific Patents. As to Licensed Candidate-Specific Patents, where possible, Xencor shall file at least one (1) patent application for a Licensed Candidate-Specific Patent with

the patent offices of the U.S., Japan, and the EPO, and in further countries if desired by MorphoSys; within […***…] of the Effective Date, in an effort to obtain an issued Patent that Covers Licensed Antibody but does not Cover […***…]. Upon such filing by Xencor and/or upon any further filing of a patent application for a Licensed Candidate-Specific Patent by Xencor, MorphoSys shall be solely responsible, in its own discretion, to perform the prosecution and maintenance of Licensed Candidate-Specific Patents on a worldwide basis (meaning in those countries of the world where it is consistent with the application of Commercially Reasonable Efforts (but not greater efforts) to file, prosecute and maintain them) and shall be responsible for all of the prosecution and maintenance costs. MorphoSys shall not knowingly take any position during prosecution that would limit the scope or validity of the specific Licensed Broader Anti-CD19 Patent, which is the parent to the respective Licensed Candidate-Specific Patent, unless Xencor approves of such position or has already taken such position in prosecution.

(f) Licensed Broader Anti-CD19 Patents. Xencor shall have the sole right in its sole discretion to perform the filing, prosecution and maintenance of the Licensed Broader Anti-CD19 Patents worldwide. With respect to the prosecution and maintenance costs, the Parties […***…]

[…***…]. MorphoSys shall have the right to opt out and no longer contribute towards the cost of prosecution and maintenance of individual Broader Anti-CD19 Patents, in such case, the individual Patent will fall outside of the Licensed Patents, the Post-Sublicensing Licensed Patents, and the License provided for in Section 4.1, notwithstanding anything else express or implied in this Agreement. In order to opt out under the foregoing sentence, MorphoSys will provide Xencor with written notice […***…] prior to Xencor incurring a cost in the individual Patent.

(g) Review and Comment. MorphoSys shall have the right to review and comment before each act of Xencor's filing and/or prosecution of Licensed Candidate-Specific Patents, Licensed Broader Anti-CD19 Patents and Xencor Pre-Sublicensing Product Invention Patents. Xencor shall have the right to review and comment before each act of MorphoSys's prosecution of Joint Collaboration Product Invention Patents and MorphoSys Product Invention Patents. For each of the foregoing, each Party shall provide the other Party with a copy of each substantive communication received from any patent authority within a reasonable time (ideally, within […***…] of the respective mailing date); and a copy of each proposed submission to a patent authority in the MorphoSys Territory regarding such Patent reasonably in advance of making such filing (normally […***…] in advance but sometimes less under exigent circumstances). Furthermore, with respect to the preparation, filing, prosecution and maintenance of each such Patents each Party agrees to the following: (i) keep the other Party reasonably informed with respect to such activities; (ii) consult with the other Party regarding such matters, including the final abandonment of any such Patent claims; and (iii) reasonably consider the other Party's comments.

(h) Abandonment. With regard to Licensed-Candidate Specific Patents and/or Joint Collaboration Product Invention Patents, if MorphoSys determines to abandon or not maintain any such Patent then MorphoSys shall provide Xencor written notice of such determination at least […***…] prior to the expiration of any deadline, which if not met would lead to abandonment of rights (or such other period of time reasonably necessary to allow Xencor to assume such responsibilities). In that case, Xencor shall confer with MorphoSys and consider in good faith its reasons for abandoning any such patent. Xencor shall have the right, at its option, to control the filing, prosecution and maintenance of any such Licensed-Candidate Specific Patents and/or Joint Collaboration Product Invention Patents at its own expense, without affecting any of the other financial terms set forth in this Agreement.

With respect to Licensed Broader Anti-CD19 Patents and Xencor Pre-Sublicensing Product Invention Patents, but specifically excluding any and all Licensed Core/Fc Platform Patents, if Xencor determines to abandon or not maintain any such Patent in the MorphoSys Territory, then Xencor shall provide MorphoSys written notice of such determination at least […***…] prior to the expiration of any deadline, which if not met would lead to abandonment of rights (or such other period of time reasonably necessary to allow MorphoSys to assume such responsibilities). In that case, MorphoSys shall confer with Xencor and consider in good faith its reasons for abandoning any such patent. Subject to Xencor's consent, MorphoSys shall have the right, at its option, to control

the filing, prosecution and maintenance of any such Licensed Candidate-Specific Patent, Licensed Broader Anti-CD19 Patent and/or Xencor Pre-Sublicensing Product Invention Patent at its own expense, without affecting any of the other financial terms set forth in this Agreement.

(i) In-Licensed Patents. If there are at any time any Licensed Patents and/or Post-Sublicensing Licensed Patents that are in-licensed by Xencor instead of owned by Xencor (or any Xencor Affiliate), then Section 6.2(a) (as applicable) shall apply to the prosecution of such Licensed Patents and/or Post-Sublicensing Licensed Patents in the same way as if they were Licensed Patents and/or Post-Sublicensing Licensed Patents owned by Xencor, to the full extent Xencor has prosecution rights under the agreement by which Xencor (or the Xencor Affiliate) received its license rights to such Patents, and to the full extent permitted by such agreement.

j) Certain Proceedings. For the purposes of this Section 6.2, "prosecution" shall include communications with patent offices, and defending the applicable Patents in proceedings such as oppositions, reexaminations, interferences, nullifications or other administrative actions in which a Third Party contests the inventorship, validity, title or enforceability of a Patent.

6.3 Patent Term Extensions. Licensed Core/Fc Platform Patents are not available for extension. Prior to Market Approval or its equivalent, the Parties shall discuss and try to reach mutual agreement for which of the other Patents the Parties shall apply to extend the patent term with respect to Licensed Products, pursuant to patent term extension laws or regulations or Supplemental Protection Certificate laws and regulations in the MorphoSys Territory. If the Parties are not able to reach mutual agreement, then MorphoSys shall be entitled to make the decision.

6.4 Non-Patent Regulatory Exclusivity. As between the Parties, MorphoSys shall have the exclusive right to apply for regulatory exclusivity for Licensed Products in the MorphoSys Territory for the Field.

6.5 Infringement of Patents by Third Parties.

(a) Notification. Each Party shall promptly notify the other Party in writing if the notifying Party reasonably believes that any Licensed Patent and/or Post-Sublicensing Licensed Patent is being or has been infringed or misappropriated in any Territory by a Third Party by Licensed Product activities within the scope of the license to MorphoSys in Section 4.1 (such infringement includes any potential generic version of a Licensed Product, where the infringement arises under the Hatch-Waxman Act or Biologics Price Competition and Innovation Act or foreign equivalent, "**Competitive Infringement**").

(b) Competitive Infringement of Candidate-Specific Patents.

(i) First Right. MorphoSys shall have the first right, but not the obligation, to enforce any Licensed Candidate-Specific Patent or Joint Collaboration Product Invention Patent with respect to all past, present and future during the Term activities or conduct of a Third Party in the Field and the MorphoSys Territory that involve Licensed Products in the MorphoSys Territory within the scope of the license to MorphoSys of Section 4.1 ("**Candidate-Specific Patent Competitive Infringement**"). The consent of Xencor is not required for MorphoSys to bring such an enforcement action. MorphoSys shall reasonably consider Xencor's comments, if any, on any such enforcement activities, but for the avoidance of doubt, MorphoSys shall control the litigation in all respects and shall make all decisions in its own discretion, subject only to the provisions regarding settlement provided below in Section 6.5(f). Except as provided in Section 6.5(g), MorphoSys shall bear all costs and expenses for enforcement under this Section 6.5(b)(i) (including the costs of Xencor's cooperation as required under subsection (e)).

(ii) Back-up Right for Candidate-Specific Patent Competitive Infringement in the MorphoSys Territory. If MorphoSys does not bring action that it is permitted to bring under Section 6.5(b)(i) to prevent or abate Candidate-Specific Patent Competitive Infringement within […***…] (or initiate the exchange of patent lists within […***…] of receiving notice of a Biosimilar application within the

framework of the Biologics Price Competition and Innovation Act or any foreign equivalent) after notification thereof to or by MorphoSys pursuant to Section 6.5(a), then Xencor shall have the right, but not the obligation, to bring, at its own expense, an appropriate action in the MorphoSys Territory against any person or entity engaged in such Candidate-Specific Patent Competitive Infringement directly or contributorily; *provided*, *however*, Xencor shall not initiate legal action without first conferring with MorphoSys and considering in good faith MorphoSys' reasons for not bringing any such action. The consent of MorphoSys is not required for Xencor to bring such an enforcement action and Xencor shall control the litigation in all respects and shall make all decisions in its own discretion, subject only to the provisions regarding settlement provided below in Section 6.5(f).

(c) Competitive Infringement of Shared Patents.

(i) With respect to any Infringement of any Licensed Broader Anti-CD19 Patents, Xencor Pre-Sublicensing Product Invention Patents or Xencor Product Invention Patents by Licensed Product activities within the scope of the license to MorphoSys in Section 4.1 ("**Shared Patent Competitive Infringement**"), Xencor shall have the first right, but not the obligation, to enforce the Licensed Broader Anti-CD19 Patents, Xencor Pre-Sublicensing Product Invention Patents or Xencor Product Invention Patents anywhere in the world. Xencor shall bear all related expenses and all related recoveries shall be divided as provided in Section 6.5(h). Xencor shall keep MorphoSys reasonably informed of Xencor's activities related to prevention or abatement of Shared Patent Competitive Infringement and will consider MorphoSys' comments on any such activities. If Xencor brings suit against a Third Party to enforce the Licensed Broader Anti-CD19 Patents, Xencor Pre-Sublicensing Product Invention Patents or Xencor Product Invention Patents against Shared Patent Competitive Infringement, MorphoSys shall have the right, at Xencor's consent, to join the proceedings as a plaintiff and MorphoSys will share in the costs depending on the extent of MorphoSys' participation.

(ii) If Xencor does not bring action to prevent or abate Shared Patent Competitive Infringement within […***…] (or initiate the exchange of patent lists within […***…] days of receiving notice of a Biosimilar application within the framework of the Biologics Price Competition and Innovation Act or any foreign equivalent), after notification thereof to or by Xencor pursuant to Section 6.5(a), then MorphoSys shall have the right, but not the obligation, to bring, at its own expense, an appropriate action in the MorphoSys Territory against any person or entity engaged in such Shared Patent Competitive Infringement directly or contributorily and retain all related recoveries; *provided*, however, MorphoSys shall not initiate legal action without first conferring with Xencor and considering in good faith Xencor's reasons for not bringing any such action.

(d) Other Infringement.

(i) General. With respect to any infringement of any Licensed Core/Fc Platform Patents, Xencor shall have the exclusive right (but not the obligation) to prevent or abate such Infringement, and as between the Parties shall bear all related expenses and retain all related recoveries.

(ii) Xencor Core Technology Patents. To avoid doubt and notwithstanding anything express or implied in this Agreement, Xencor retains all enforcement rights with respect to Licensed Core/Fc Platform Patents, subject to the following. If MorphoSys becomes aware of any Competitive Infringement with respect to Licensed Core/Fc Platform Patents, and Xencor has not yet initiated an infringement action to assert a Licensed Core/Fc Platform Patent against the other Party practicing Competitive Infringement, MorphoSys may request in writing to Xencor the right to enforce. Xencor shall respond in writing within […***…] which of the following Xencor elects in its sole discretion: (a) Xencor will initiate an action to enforce the Licensed Core/Fc Platform Patent within an additional […***…]; (b) Xencor will authorize MorphoSys to do so, or (c) Xencor grants MorphoSys a royalty accommodation in the country, in which the Licensed Core/Fc Platform is not being enforced against Competitive Infringement equal to […***…] as set forth in Section 5.4 if (i) the other Party practicing Competitive Infringement achieves […***…] (based upon […***…]); and (ii) no other Licensed Patent and/or Post-Sublicensing Licensed Patent could be enforced against the other Party practicing Competitive Infringement. Xencor may elect between (a), (b) and (c) in its sole discretion, and Xencor's election shall be binding on both Parties. If Xencor elects (b), then MorphoSys shall not knowingly take any position in the suit that would make any admission as to the unenforceability or invalidity of any Licensed Core/Fc Patent, unless Xencor approves of such

position or has already taken such position in litigation. In the event that Xencor elects (a), then Xencor shall retain its own counsel at its own expense.

(iii) **Infringement of MorphoSys Pre-Sublicensing and Post-Sublicensing Patents by Activities with respect to […***…] Program Antibodies by Third Parties**. Xencor shall not have any right to enforce the Post-Sublicensing Patents. As to the MorphoSys Pre-Sublicensing Patents, MorphoSys shall have the right to enforce them against Third Party research, development, manufacture, use, sale, offer for sale, importation or exportation of […***…] Program Antibodies (retaining all recoveries); *provided, however,* before doing so MorphoSys shall discuss with Xencor in good faith any concerns Xencor may have with respect to such enforcement for a period of not less than […***…]. Xencor shall only have the right to enforce MorphoSys Pre-Sublicensing Patents against Third Party research, development, manufacture, use, sale, offer for sale, importation or exportation of […***…] Program Antibodies (retaining all recoveries) if MorphoSys grants its withholdable consent for Xencor to do so. Xencor may request such consent and will meet and confer with MorphoSys as to the proposed enforcement. If Xencor elects to enforce, and MorphoSys consents, then MorphoSys shall cooperate by being joined in name as a party plaintiff (at Xencor's expense on a pass-through basis) and Xencor shall not knowingly take any position in the suit that would make any admission as to the unenforceability or invalidity of any MorphoSys Pre-Sublicensing Patent, unless MorphoSys approves of such position or has already taken such position in litigation.

(e) Participation of the Other Party with Respect to Infringement Suits. If a Party brings an action against infringement under this Section 6.5, the Party bringing the action shall maintain control of the action and the other Party shall be entitled to separate representation in such matter by counsel of its own choice and at its own expense, and such Party shall cooperate fully with the Party bringing such action including by being joined as a party plaintiff if necessary to obtain standing for such action (all at the expense on a pass-through basis of the prosecuting Party, including payment or reimbursement of reasonable attorneys fees of the Party being joined). Costs related to cooperation with the Party bringing the action will be reimbursed on an ongoing basis. Costs of the cooperating party that go beyond what is needed to reasonably cooperate will be reimbursed out of any recovery.

(f) Settlement.

(i) Xencor shall not settle a claim brought under Section 6.5(b) or Section 6.5(c) involving Licensed Patents in a manner that would reduce MorphoSys's market share of Licensed Products for use in the Field in the MorphoSys Territory, or would grant a conflicting license inside the scope of any exclusive license to MorphoSys under a Patent that is exclusively licensed to MorphoSys, in each case without the prior written consent of MorphoSys (which consent shall not be unreasonably withheld, conditioned or delayed).

(ii) Xencor shall not settle a claim brought under Section 6.5(b) or Section 6.5(c) involving Post-Sublicensing Licensed Patents in a manner that would prevent MorphoSys from selling Licensed Products for use in the Field in the MorphoSys Territory, or would grant a conflicting license under Post-Sublicensing Licensed Patents inside the scope of the non-exclusive license to MorphoSys (a conflicting license meaning a license that would be to the exclusion of MorphoSys, its Affiliates and/or Sublicensees), in each case without the prior written consent of MorphoSys (which consent shall not be unreasonably withheld, conditioned or delayed).

(iii) MorphoSys shall not settle a claim brought under this Section 6.5 involving Licensed Patents and/or Post-Sublicensing Licensed Patents that would limit, restrict or impair Xencor's rights under this Agreement, in each case without the prior written consent of Xencor (which consent shall not be unreasonably withheld, conditioned or delayed), or make any admission as to invalidity or unenforceability of any Licensed Patent and/or Post-Sublicensing Licensed Patent without the consent of Xencor.

(g) Allocation of Proceeds. If monetary damages are recovered from any Third Party in an action brought by a Party under Section 6.5(b), (c), or (d), such recovery shall be allocated first to the reimbursement of any costs and expenses incurred by the Party controlling such litigation (including, for this

purpose, a reasonable allocation of expenses of internal counsel or other personnel acting in such capacity (i.e., coordination of litigation matters and the like)), not previously reimbursed, and then the costs and expenses of the non-controlling Party (including, for this purpose, a reasonable allocation of expenses of internal counsel or other personnel acting in such capacity (i.e., coordination of litigation matters and the like)), and any remaining amounts shall be split as follows:

(i) If the action was brought solely under Section 6.5(b), then:

(1) the portion of any such remaining amounts that represents recovery for Competitive Infringement ("**Remaining Competitive Recovery**") on any action brought under Section 6.5(b)(i), (a) to the extent not representing treble or punitive damages shall be allocated to Xencor in an amount equal to the royalty that would have been payable to Xencor under Article 5 if MorphoSys had made Net Sales equivalent to the actual sales that underlie the Remaining Competitive Recovery, with the remaining portion of the Remaining Competitive Recovery under this subsection (1) that does not represent treble or punitive damages being allocated to MorphoSys; and (b) to the extent representing treble or punitive damages shall be allocated […***…] ([…***…]%) to Xencor and […***…] ([…***…]%) to MorphoSys ; and

(2) the Remaining Competitive Recovery on any action brought under Section 6.5(b)(ii), (a) to the extent not representing treble or punitive damages shall be allocated to Xencor in an amount equal to double the royalty that would have been payable to Xencor under Article 5 if MorphoSys had made Net Sales equivalent to the actual sales that underlie the Remaining Competitive Recovery, with the remainder of the Remaining Competitive Recovery under this subsection (2) that does not represent treble or punitive damages being solely allocated to MorphoSys; and (b) to the extent representing treble or punitive damages shall be allocated […***…] ([…***…]%) to MorphoSys and […***…] ([…***…]%) to Xencor.

(ii) If the action was brought solely under Section 6.5(c) or (d) or jointly under Sections 6.5 (b) and (c) and/or (d), then any recovery on Infringement other than Competitive Infringement shall be deducted and the remainder (a) to the extent not representing treble or punitive damages shall be allocated to Xencor in an amount equal to the royalty that would have been payable to Xencor under Article 5 if MorphoSys had made Net Sales equivalent to the actual sales that underlie the Remaining Competitive Recovery, with the remaining portion of the Remaining Competitive Recovery under this subsection (ii) that does not represent treble or punitive damages being allocated to MorphoSys; and (b) to the extent representing treble or punitive damages shall be allocated […***…] ([…***…]%) to Xencor and […***…] ([…***…]%) to MorphoSys.

(h) Affiliates/Sublicensees/Other Licensees. MorphoSys may grant to its Affiliates or Sublicensees its rights to prosecute and/or enforce Licensed Patents and/or Post-Sublicensing Licensed Patents as set forth in this Section 6.5, and Xencor may do the same for its Affiliates and Other Licensees.

(i) Non-exclusively Licensed Patents. For the Post-Sublicensing Licensed Patents, the license grants to MorphoSys with respect to which are non-exclusive, notwithstanding anything express or implied in this Agreement, MorphoSys has no right to enforce the Post-Sublicensing Licensed Patents.

6.6 Infringement of Third-Party Rights. If any Licensed Product manufactured, used or sold by either Party, its Affiliates, Sublicensees or Other Licensees becomes the subject of a Third Party's claim or assertion of infringement of a Patent relating to the manufacture, use, sale, offer for sale or importation of Licensed Product, the Party first having notice of the claim or assertion shall promptly notify the other Party, and the Parties shall promptly confer to consider the claim or assertion and the appropriate course of action. Unless the Parties otherwise agree in writing, each Party shall have the right to defend itself against a suit that names it as a defendant, subject to the indemnification provisions of Article 9. Neither Party shall enter into any settlement of any claim described in this Section 6.6 that affects the other Party's rights or interests without such other Party's written consent, which consent shall not be unreasonably withheld, conditioned or delayed. In any event, the Parties shall reasonably assist one another and cooperate in any such litigation at the other Party's request and expense.

6.7 **Patent Oppositions and Other Proceedings**. If either Party desires to bring an opposition, action for declaratory judgment, nullity action, interference, reexamination or other attack upon the validity, title or enforceability of a Patent owned or controlled by a Third Party that covers or may cover the manufacture, use for the Field or sale of any Licensed Product, such Party shall so notify the other Party.

6.8 **Patent Challenges**. If MorphoSys or its Affiliate or Sublicensee challenges in a court or before a patent office the validity, enforceability or scope of any Licensed Patents existent as of the Effective Date, and within […***…] days after written notice from Xencor calling MorphoSys's attention to this the challenge is not irrevocable withdrawn, then […***…], and Xencor may terminate this Agreement and any license granted hereunder immediately. Notwithstanding the foregoing, MorphoSys or its Affiliate shall be permitted to take any action reasonably required in order to comply with any applicable law, regulation or court order in any proceeding that is not initiated directly or indirectly by MorphoSys or its Affiliate, whether or not such proceeding relates to any challenge or dispute concerning the validity of the Licensed Patents in a patent office proceeding or court of law.

6.9 **Trademarks**. As between the Parties, the trademarks on Licensed Products sold by MorphoSys (and its Affiliates and Sublicensees) in the MorphoSys Territory shall be owned or controlled by MorphoSys (or its Affiliates or Sublicensees). Neither Party grants to the other any license under trademarks owned or controlled by such Party except as expressly provided for in this Agreement.

ARTICLE 7

CONFIDENTIALITY

7.1 **Treatment of Confidential Information**. The Parties agree that during the Term, and for a period of […***…] after the Term expires in the last country in which it expires or is terminated, a Party receiving Confidential Information of the other Party shall (a) maintain in confidence such Confidential Information to the same extent such Party maintains its own confidential, proprietary information (but at a minimum each Party shall use Commercially Reasonable Efforts), (b) not disclose such Confidential Information to any Third Party without prior written consent of the other Party, and (c) not use such Confidential Information for any purpose except those permitted by this Agreement.

7.2 **Authorized Disclosure**. Notwithstanding Section 7.1, a Party may disclose Confidential Information of the other Party to the extent such disclosure is reasonably necessary in the following instances:

(a) filing for, prosecuting or maintaining Patents owned by such Party;

(b) regulatory filings for which such Party is responsible under this Agreement;

(c) complying with applicable governmental regulations and/or submitting information to tax or other governmental authorities, *provided* that if the receiving Party is required by law to make any public disclosures of Confidential Information of the disclosing Party, to the extent it may legally do so, it will give reasonable advance notice to the disclosing Party of such disclosure and will use its reasonable efforts to secure confidential treatment of Confidential Information prior to its disclosure (whether through protective orders or otherwise) and the public filing of this Agreement shall be handled as provided in Section 7.5;

(d) prosecuting or defending litigation of this Agreement or defending any litigation, but subject to the same provisions as in (c);

(e) to (i) its Affiliates, to its legal and financial advisors, to its consultants, merger partners and acquirors (and their counsel in connection with diligence) and — other than […***…] Confidential Information — to prospective and actual Sublicensee(s) and (ii) others (but not Other Licensees) in order to (and solely to the extent required to) exercise such Party's rights or fulfill its obligations under this Agreement (including commercialization and/or granting a Sublicense to Licensed Patents and/or Post-Sublicensing Licensed Patents, Licensed Know-How or Licensed Products) on a need to know basis, each of whom in (i) and (ii) prior to

disclosure must be bound by similar obligations of confidentiality and non-use substantially equivalent in scope to those set forth in this Article 7 and that are of reasonable duration in view of the circumstances of the disclosure. MorphoSys may request to Xencor and Xencor shall grant and perform disclosure of all Xencor Confidential Information relating to […***…] that was made available to MorphoSys before entering into this Agreement to any potential Sublicensee under appropriate CDA; and

(f) to the extent mutually agreed to in writing by the Parties.

7.3 **Termination of Prior CDA**. This Agreement supersedes the Prior CDA. All information exchanged between the Parties under or otherwise subject to the Prior CDA shall be deemed Confidential Information (in accordance with and to the extent set forth in the definition of such term in Article 1), and shall be subject to the terms of this Article 7. For clarity, all Confidential Information exchanged between the Parties as of the Effective Date of this Agreement shall be Confidential Information as defined in this Agreement.

7.4 **Publicity**. The Parties have agreed to the joint press release set forth in Exhibit G (in English; MorphoSys shall additionally be entitled after the English version is released or simultaneously a direct translation into German of such English version) for the initial public announcement of the execution of this Agreement. Any other publication, news release or other public announcement regarding the execution or terms of this Agreement, shall first be reviewed and approved by both Parties, which approval shall not be unreasonably withheld, conditioned or delayed. Both Parties agree that as part of their corporate communications policy and standard practice, Xencor and/or MorphoSys may need to announce the achievement of payment-bearing milestones under this Agreement, and shall be permitted to do so, if the respective other Party agrees in advance, which approval shall not be unreasonably withheld, conditioned or delayed, and the Parties will work together as needed to find — in good faith — acceptable wording as needed to the extent such announcement does not state the actual amount of any payment. In addition, and subject to the requirements of applicable securities and other laws governing such disclosures, each Party shall use good faith efforts to notify the other Party in advance of any significant public announcement regarding Licensed Products' performance and achievements under this Agreement. In case of any disclosure that is required by law as reasonably advised by the disclosing Party's counsel, such Party will provide the other Party with prompt notice of the required disclosure, such other Party shall not be entitled to withhold consent, but the Parties shall work together in good faith to find a mutually acceptable manner in which to make the disclosure. Permission to repeat information that has already been publicly disclosed shall not be required.

7.5 **Terms of Agreement**. The terms of this Agreement shall be treated as Confidential Information of both Parties. Such terms may be disclosed by a Party to individuals or entities covered by Section 7.2(e)(i) (but not Section 7.2(e)(ii)) above, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use substantially equivalent in scope to those set forth in this Article 7. The terms of this Agreement other than the financial terms and any attached development plans may be disclosed by Xencor to prospective Other Licensees, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use substantially equivalent in scope to those set forth in this Article 7. Disclosure of the terms of this Agreement (but not other Confidential Information received from the other Party) may also be made to actual or potential bankers, lenders and investors of the disclosing Party, who are bound to obligations of confidentiality and non-use substantially equivalent in scope to those set forth in this Article 7. In addition, if at any time a Party is legally required to file a copy of this Agreement with the Securities and Exchange Commission (or its counterpart in any country other than the U.S.) in connection with any public offering of such Party's securities or regular reporting obligations as a public company (if and when such Party becomes public), such Party shall attempt to obtain confidential treatment of economic and trade secret information for which such treatment is reasonably available in accordance with applicable laws and regulations and SEC (or counterpart) practice. To that end, the filing Party shall, at least […***…] in advance of any such filing, provide the other Party with a draft set of redactions to the Agreement for which confidential treatment will be sought, and incorporate such other Party's comments as to additional terms it would like to see redacted, and seek confidential treatment for such additional terms (except only in the limited circumstances where confidential treatment is manifestly unavailable), to the extent such comments are provided at […***…] in advance of the anticipated filing date.

7.6 **Publications**. The Parties agree to provide the other Party the opportunity to review any proposed abstracts, manuscripts or scientific presentations (including verbal presentations) which relate to (a) its activities performed pursuant to this Agreement and/or (b) any Licensed Antibody and/or Licensed Product or either of their respective development, reasonably in advance to the publishing Party's intended submission for publication or presentation and agrees, upon request, not to submit any such abstract or manuscript for publication until the other Party is given a reasonable period of time to (i) secure patent protection for any material in such publication which the other Party believes to be patentable and/or (ii) to ascertain whether its Confidential Information would be disclosed by the publication. Such other Party shall then provide its comments, if any, within […***…] of receiving the manuscript or publication from the publishing Party. If patentable data and/or information is disclosed in the manuscript or publication, the other Party shall promptly request to the publishing Party and the publishing Party shall grant the other Party to withhold such manuscript or publication for up to […***…] after receiving the manuscript or other publication to allow the other Party to file the respective Patent application. If Confidential Information is disclosed in the manuscript or publication, the publishing Party shall promptly remove such Confidential Information and shall ensure that the manuscript or publication is published without such Confidential Information. For clarity, nothing contained in this Section 7.6 shall prohibit the inclusion of information necessary for a patent application, provided the nonfiling Party is given a reasonable opportunity to review the information to be included prior to submission of such patent application and to request deletion of its Confidential Information (subject to Section 7.2(a)). Notwithstanding the foregoing, Xencor shall not publish or first present in a public forum the scientific or technical results of any activities performed pursuant to this Agreement or any Confidential Information relating to Licensed Antibody and/or Licensed Product, including Collaboration Confidential Information and Xencor Pre-Clinical Confidential Information, without the prior written approval by MorphoSys, whereby such approval shall not be unreasonably withheld by MorphoSys with respect to Xencor Pre-Clinical Confidential Information. MorphoSys may publish and/or present Xencor Pre-Clinical Confidential Information without Xencor's prior approval, *provided, however,* that (A) Xencor shall be given the opportunity to secure patent protection according to this Section, and (B) Xencor and/or the respective employees are appropriately acknowledged in such publication (including authorship of such employees in accordance with prevailing norms).

7.7 **Due Diligence Data**. All data provided by Xencor in the dataroom before the Effective Date for the purpose of MorphoSys performing due diligence ("Due Diligence Data") shall be Xencor Confidential Information. Xencor shall store such data on a CD and send it to an independent third party reasonably acceptable to MorphoSys and Xencor (the "Data Escrow Agent") promptly after a three-way-storage agreement between the Parties and the Data Escrow Agent has been executed. Such three-way-storage agreement shall be negotiated in good faith promptly after the Effective Date and shall contain provisions describing the events whereupon the Data Escrow Agent shall release such reference material to either MorphoSys, Xencor or an independent Third Party (including for verifying compliance with the warranties under Article 8). MorphoSys shall bear the costs associated with the storage of such reference material at the Data Escrow Agent's facilities. Furthermore, Xencor shall provide to MorphoSys a CD containing all Due Diligence Data, *excluding, however,* any data solely relating to […***…]

ARTICLE 8

REPRESENTATIONS AND WARRANTIES

8.1 **General Representations and Warranties**. Each Party represents, warrants and covenants to the other that:

(a) The representing and warranting Party is duly organized and validly existing under the laws of its state or country of incorporation, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof.

(b) The representing and warranting Party is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the person or persons executing this Agreement on its behalf has and have been duly authorized to do so by all requisite corporate action.

(c) This Agreement is legally binding upon it and enforceable in accordance with the Agreement's terms. The execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any material law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

(d) The representing and warranting Party has not granted, and shall not grant during the Term of the Agreement, any right to any Third Party which would conflict with the rights granted to the other Party hereunder. It has (or shall have at the time performance is due) maintained and shall maintain and keep in full force and effect all agreements necessary to perform its obligations hereunder.

8.2 **Xencor's Warranties**. Xencor represents and warrants that:

(a) As of the Effective Date, the Listed Xencor Patents and Licensed Know-How are owned solely and exclusively by Xencor, free and clear of any liens, charges, and encumbrances or licenses in the Field, and following the Effective Date, it will take no action that results in any of the Listed Xencor Patents being (i) owned in whole or in part by any entity other than Xencor or its permitted successors and assigns other than in a manner that such Patents remain subject to the licenses and rights set forth in this Agreement, or (ii) encumbered by liens, charges, encumbrances or other licenses in each case with respect to Licensed Antibodies and/or Licensed Products in the Field.

(b) As of the Effective Date, the Listed Xencor Patents include all Patents owned or Controlled by Xencor anywhere in the world that may be extended into the MorphoSys Territory, that Cover Licensed Antibodies and/or Licensed Products.

(c) Neither Xencor nor its Affiliates has received from any Third Party any written notice stating any claim that any Patent or trade secret right owned or controlled by such Third Party would be infringed or misappropriated by the manufacture, use, sale, offer for sale or importation of XmAb5574 or the Licensed Product that is the subject of the Ongoing Phase 1 Trial as contemplated by this Agreement. To the best of knowledge of the officers of Xencor the disclosures that Xencor made to MorphoSys in the course of intellectual property due diligence were true and accurate in all material respects and to the best of knowledge of such officers Xencor did not neglect to make further disclosures of information (including as to freedom to operate for XmAb5574 and the Licensed Product in development as of the Effective Date) within the knowledge of such officers necessary to make the disclosures by Xencor in intellectual property due diligence not misleading.

(d) As of the Effective Date, neither Xencor nor its Affiliates has received any formal written or oral notice of any offer to license any Patent purporting to Cover a Licensed Product, formal written notice of (i) an interference in the United States Patent and Trademark Office involving a Licensed Patent, (ii) any claim of inventorship or co-inventorship of any Licensed Patent(s) by any individual who is not currently listed as an inventor on such Licensed Patent(s), or (iii) any other adverse action by any Third Party in any patent office or court anywhere in the world relating to a Licensed Patent;

(e) As of the Effective Date, neither Xencor nor its Affiliates has granted, expressly or otherwise, any assignment, license or other extension of right, covenant not to sue, or other similar interest or benefit, exclusive or otherwise, to, under or in the Licensed Patents or the Licensed Know-How with respect to Licensed Antibody and/or Licensed Products in the Field, which license remains in effect.

(f) After the Effective Date but prior to the expiration or termination of this Agreement, neither Xencor nor its Affiliates will grant, expressly or otherwise, any assignment, license or other extension of right, covenant not to sue, or other similar interest or benefit, exclusive or otherwise, to, under or in the Licensed Patents and/or Post-Sublicensing Licensed Patents or the Licensed Know-How with respect to Licensed Antibody and/or Licensed Products in the Field.

(g) The data with respect to XmAb5574, and the data with respect to […***…] antibody-dependent cytotoxicity and B-cell-depleting properties (including any data of Xencor's with respect thereto in *in vivo* tumor models), that Xencor has disclosed to MorphoSys in writing prior to the Effective Date is to Xencor's best knowledge true, accurate and complete in all material respects as of the Effective Date and to the best of knowledge of Xencor's officers there are no data generated by or for Xencor but not disclosed that would conflict with such data disclosed by Xencor to MorphoSys in writing.

(h) As of the Effective Date, to the knowledge of its officers, Xencor and/or its Affiliates have not made available any Licensed Antibody and/or Licensed Product to any Third Party other than those disclosed to MorphoSys in writing prior to the Effective Date (including disclosure via inclusion of an applicable agreement covering materials transfer in the data room to which MorphoSys was provided access for due diligence purposes).

8.3 **MorphoSys Warranties**. MorphoSys represents and warrants that:

(a) As of the Effective Date, MorphoSys intends to conduct significant additional clinical development of Licensed Product prior to sublicensing.

(b) As of the Effective Date, MorphoSys intends to complete […***…].

(c) As of the Effective Date, MorphoSys (i) has not initiated any discussion with any Third Party for […***…] and (ii) intends to […***…] not earlier than […***…] after the Effective Date.

(d) MorphoSys and its Affiliates are not party to any contract as of the Effective Date that would automatically or by request of the counterparty result […***…] with respect to Licensed Antibody or Licensed Product.

(e) As of the Effective Date and to the best of the knowledge of its officers, MorphoSys and its Affiliates do not own or Control any anti-CD19 Antibody identified and documented as such, except as (i) under any existing (as of the Effective Date) HuCAL agreement between MorphoSys and/or its Affiliate(s) and a third party, and (ii) relating to any non-therapeutic, non-prophylactic activity of MorphoSys and/or its Affiliate(s).

(f) As of the Effective Date, MorphoSys and its Affiliates […***…], except as (i) under any existing (as of the Effective Date) HuCAL agreement between MorphoSys and/or its Affiliate(s) and a third party, and (ii) relating to any non-therapeutic, non-prophylactic activity of MorphoSys and/or its Affiliate(s).

8.4 **Warranty and Covenant of No Debarment**. Each of MorphoSys and Xencor represents, warrants and covenants that in the course of the development of Licensed Products, the representing, warranting and covenanting Party, to the best of such Party's knowledge, has not prior to the Effective Date used, and shall not during the Term use, any employee or consultant who has been debarred by the FDA or Regulatory Authorities, or, to the best of such Party's knowledge, who was or is the subject of debarment proceedings by the FDA or Regulatory Authorities.

8.5 **Disclaimer Concerning Technology**. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THE PATENTS AND KNOW-HOW PROVIDED BY EACH PARTY HEREUNDER ARE PROVIDED "AS IS" AND EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICES, IN ALL CASES WITH RESPECT THERETO. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH PARTY EXPRESSLY DOES NOT WARRANT (I) THE SUCCESS OF ACTIVITIES PERFORMED PURSUANT TO THIS AGREEMENT OR (II) THE SAFETY, EFFICACY OR USEFULNESS FOR ANY PURPOSE OF THE PATENTS OR KNOW-HOW IT PROVIDES

UNDER THIS AGREEMENT OR THE SUBJECT MATTER OF THEM. XENCOR PROVIDES LICENSED ANTIBODY UNDER THIS AGREEMENT "AS IS" AND EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICES, IN ALL CASES WITH RESPECT THERETO.

ARTICLE 9

INDEMNIFICATION

9.1 Indemnification by MorphoSys. MorphoSys shall indemnify, hold harmless and defend Xencor, Xencor's Affiliates, Xencor's and its Affiliates' Other Licensees and all of the respective officers, directors, employees and agents of each of the foregoing entities (collectively the "**Xencor Indemnitees**") from and against any and all losses, damages, liabilities, judgments, fines, amounts paid in settlement, expenses and costs of defense (including reasonable attorneys' fees and witness fees) (collectively "**Losses**") resulting from any demand, claim, action or proceeding brought or initiated by a Third Party (each a "**Third-Party Claim**") against any Xencor Indemnitees(s) to the extent that such Third-Party Claim arises out of (i) the breach of any representation, warranty or covenant by MorphoSys in Article 8; (ii) the gross negligence or willful misconduct of any MorphoSys Indemnitee (defined in Section 9.2); or (iii) the research, development, manufacture, storage, handling, use, sale, offer for sale or importation of Licensed Antibody or Licensed Products by or for the MorphoSys Indemnitees (as defined below) (including, to avoid doubt, any and all Patent infringement liability not arising from a breach of a Xencor representation and warranty in Article 8); *provided* that (a) the Xencor Indemnitees comply with the procedure set forth in Section 9.3; and (b) such indemnity shall not apply to the extent Xencor has an indemnification obligation pursuant to Section 9.2 for such Loss. MorphoSys shall require equivalent indemnification of the Xencor Indemnitees as in clause (iii) of the foregoing sentence from each Sublicensee as to such Sublicensee's activities described in such clause (iii).

9.2 Indemnification by Xencor. Xencor shall indemnify, hold harmless and defend MorphoSys, MorphoSys' Affiliates, MorphoSys' and its Affiliates' Sublicensee(s) and all of the respective officers, directors, employees and agents of each of the foregoing entities (collectively the "**MorphoSys Indemnitees**") from and against any and all Losses resulting from any Third-Party Claim against them to the extent that such Third-Party Claim arises out of (i) the breach of any representation, warranty or covenant by Xencor in Article 8; or (ii) the gross negligence or willful misconduct of any Xencor Indemnitee; *provided* that (a) the MorphoSys Indemnitees comply with the procedure set forth in Section 9.3; and (b) such indemnity shall not apply to the extent MorphoSys has an indemnification obligation pursuant to Section 9.1 for such Loss.

9.3 Procedure. To be eligible for its Xencor Indemnitees or MorphoSys Indemnitees (as applicable) to be indemnified hereunder, a Party shall provide the indemnifying Party with prompt notice of the Third-Party Claim giving rise to the indemnification obligation pursuant to this Article 9 and the exclusive ability to defend (with the reasonable cooperation of the indemnified Party, at the defending Party's expense on a pass-through basis) or settle any such Third-Party Claim; *provided, however*, that the indemnifying Party shall not enter into any settlement for damages other than monetary damages without the indemnified Party's written consent, such consent not to be unreasonably withheld, delayed or conditioned. The indemnified Party shall have the right to participate, at its own expense and with counsel of its choice, in the defense of any Third-Party Claim or suit that has been assumed by the indemnifying Party. If the Parties cannot agree as to the application of Sections 9.1 and 9.2 to any particular Third-Party Claim, the Parties may conduct separate defenses of such Third-Party Claim. Each Party reserves the right to claim indemnity from the other in accordance with Sections 9.1 and 9.2 above upon resolution of the underlying claim, notwithstanding the provisions of this Section 9.3 requiring the indemnified Party to tender to the indemnifying Party the exclusive ability to defend such claim or suit.

9.4 Insurance. Each Party shall procure and maintain insurance or self-insurance, including product liability insurance, adequate to cover its obligations hereunder and which are consistent with normal

business practices of prudent companies similarly situated, at all times during which any Licensed Product is being clinically tested in human subjects or commercially distributed or sold by or on behalf of such Party. At a minimum, prior to the first Marketing Authorization in the MorphoSys Territory, MorphoSys shall be insured for […***…] U.S. dollars (US$[…***…]) to cover its obligations under this Agreement. After the first Marketing Authorization in the MorphoSys Territory, MorphoSys shall be insured for a minimum of […***…] U.S. dollars (US$[…***…]) to cover its obligations under this Agreement**.** It is understood that such insurance or self-insurance shall not be construed to create a limit of either Party's liability with respect to its indemnification obligations under this Article 9. Each Party shall provide the other with written evidence of such insurance or self-insurance upon request. Each Party shall provide the other with written notice at least […***…] prior to the cancellation, non renewal or material change in such insurance or self-insurance which materially adversely affects the rights of the other Party hereunder.

9.5 Limitation of Liability. NEITHER PARTY NOR ITS RESPECTIVE AFFILIATES AND LICENSEES (INCLUDING SUBLICENSEES AND OTHER LICENSEES) SHALL BE LIABLE FOR SPECIAL, INCIDENTAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. Reimbursement of Losses paid to Third Parties in accordance with the provisions of Section 9.1 or 9.2 shall not be read to be defeated by this Section 9.5.

ARTICLE 10
TERM AND TERMINATION

10.1 Term. This Agreement shall become effective on the Effective Date and shall continue until the expiration of the last Royalty Term or Sublicensing Revenue sharing obligation as set forth in Article 5 or is earlier terminated pursuant to this Article 10 (the "**Term**").

10.2 Termination for Material Breach.

(a) Notice. If either Party believes that the other is in material breach of this Agreement, then the non-breaching Party may deliver written notice of such breach to the other Party. To be an effective notice under this Section 10.2(a), the written notice must (i) explicitly reference this Section 10.2, and (ii) explicitly state that if the breach is not cured, the notifying Party will have the right to terminate this Agreement. The allegedly breaching Party shall have one hundred and twenty (120) days from receipt of such notice to cure such breach, or thirty (30) days in case of non-payment breaches. Furthermore, the allegedly breaching Party shall, in all cases, be permitted to seek resolution of the underlying dispute in accordance with Article 12 of this Agreement and shall inform the non-breaching Party promptly after receipt of the breach notice about its intent to seek dispute resolution. In such case, if determined under Article 12 by the arbitrator, the respective cure period as described above shall be stayed until the dispute has been decided in accordance with Article 12, subject to interest and penalties accruing during the dispute resolution under Article 12.

(b) Failure to Cure. Subject to Section 10.2(a), if the Party receiving notice of breach fails to cure such breach within such one hundred and twenty (120) day period after receipt of such notice (or thirty (30) days for non-payment breaches), the Party originally delivering the notice may terminate this Agreement effective immediately upon delivery of a second written notice to the allegedly breaching Party

10.3 Termination for Insolvency. Each Party shall have the right to terminate this Agreement upon written notice to the other Party with no second notice obligation or opportunity to cure; if the other Party: (i) shall become insolvent; (ii) shall make assignment for the benefit of creditors; or (iii) shall have a petition in bankruptcy filed for or against it not dismissed within one hundred twenty (120) days. Such termination shall be effective upon delivery of the first written notice to the other Party, unless such notice is in error.

10.4 Elective Termination. MorphoSys shall have the right, in its sole discretion, to terminate this Agreement in its entirety, by providing not less than ninety (90) days prior written notice of such termination to Xencor.

10.5 Certain Effects of Expiration and Termination; Accrued Rights.

(a) Upon expiration of this Agreement with respect to a particular Licensed Product in a particular country, the licenses to MorphoSys pursuant to Section 4.1, shall automatically become, with respect to such Licensed Product in such country, freely sublicensable, perpetual, irrevocable, non-exclusive, royalty-free, and fully paid as to all then-future exercise of the license. Unless this Agreement is earlier terminated as provided in this Article 10, the licenses granted to Xencor pursuant to Section 4.4 shall survive until the expiration of this Agreement with respect to […***…] […***…] Antibodies, at which time they shall automatically convert to become perpetual, irrevocable, non-exclusive, royalty-free, and fully paid (other than any pass-through costs to MorphoSys' un-Affiliated licensors). For clarity, the Post-Sublicensing Patents shall remain royalty-free.

(b) Expiration and termination of this Agreement shall not relieve the Parties of any liability which accrued under this Agreement prior to the effective date of such termination nor preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation.

(c) Notwithstanding Section 13.9, upon notice of termination of this Agreement, MorphoSys' interest in any Sublicenses granted by MorphoSys under this Agreement shall become assignable by MorphoSys to Xencor and MorphoSys' interest in this Agreement shall become assignable by MorphoSys to any Sublicensee, provided that such Sublicensee is in good standing under the Sublicense; *provided* that under no circumstance shall Xencor's obligations be increased by operation of this Section 10.5(c).

10.6 Xencor's Rights upon Certain Terminations. Upon termination of this Agreement by Xencor under Section 6.8 (Patent Challenge), 10.2 (Material Breach), or 10.3 (Insolvency), or by MorphoSys under Section 10.4 (At-Will), subject to Section 10.5(c) above:

(a) License Termination. The licenses granted by Xencor to MorphoSys under Article 4 shall terminate.

(b) Return of Licensed Know-How. Within ninety (90) days following such termination, MorphoSys shall return to Xencor all then still existing Licensed Know-How received from Xencor.

(c) Survival of Granted License. The licenses granted to Xencor pursuant to Section 4.4 shall survive and shall automatically convert to become perpetual, irrevocable, royalty-free, and fully paid. However, any associated pass-through costs already provided for in this Agreement shall continue to be due.

(d) License Grant; Patent and Know-How Assignment. Effective upon termination as provided in the first sentence of this Section 10.6, MorphoSys hereby:

(i) assigns to Xencor any and all MorphoSys Pre-Sublicensing Patents (to the extent of MorphoSys' or its Affiliate's interest therein) that solely Cover any of the following and any combination of the following: […***…] […***…]; for the avoidance of doubt, "solely Cover" means the Patents Cover only antibodies, products and/or pharmaceutical compositions falling within each of the defined terms, and no other antibody, product and/or pharmaceutical composition (for further avoidance of doubt, Xencor shall have the sole right to enforce the foregoing Patents to the extent assigned hereunder);

(ii) grants to Xencor an exclusive, royalty-free (other than any pass-through costs to MorphoSys' un-Affiliated licensors), irrevocable (except for uncured failure to pay pass-through costs), perpetual (except for uncured failure to pay pass-through costs) license under […***…] and […***…] generated by MorphoSys or on MorphoSys' behalf during the Pre-Sublicensing Term (and Patents (i) […***…] and (ii) […

…]), in each of the foregoing cases that are not assigned to Xencor in accordance with Section 10.6(d)(i), to make, have made, use, sell, offer to sell and import Licensed Antibody(ies), Licensed Product(s), [……] and/or any pharmaceutical composition containing the foregoing; but — with respect to the foregoing […***…] that are not owned by but are instead licensed to MorphoSys — such license shall only be granted to the extent permitted under MorphoSys's agreement with the licensor of such […***…] and Xencor shall adhere to the terms of such agreement between MorphoSys and licensor. MorphoSys shall have the sole right to enforce such Patents outside the scope of the foregoing license to Xencor. MorphoSys shall have the first right to enforce the foregoing patents against activities within the scope of the foregoing license to Xencor. Prior to exercising such right, MorphoSys shall discuss the matter with Xencor and reasonably consider any concerns Xencor may have. If MorphoSys does not exercise such right to enforce within […***…] after a notice between the Parties of the infringement, then Xencor shall have the back-up right to enforce limited exclusively to enforcement against activities within the scope of the foregoing license to Xencor, for which purposes MorphoSys shall agree to be joined at Xencor's cost on a pass-through basis if necessary for standing purposes. Prior to initiating any such suit Xencor shall discuss the matter with MorphoSys and reasonably consider any concerns MorphoSys may have. Recoveries on MorphoSys's such enforcement shall go […***…]% to MorphoSys and […***…]% to Xencor; recoveries on Xencor's such enforcement shall go […***…]% to Xencor and […***…]% to MorphoSys. The foregoing license shall be freely sublicensable through one (1) or more tiers of sublicensees without the need to obtain consent. For the avoidance of doubt, […***…].

(iii) grants to Xencor a non-exclusive, royalty-free (other than any pass-through costs to MorphoSys' un-Affiliated licensors), irrevocable (except for uncured failure to pay pass-through costs), perpetual (except for uncured failure to pay pass-through costs) license under […***…] generated by MorphoSys or on MorphoSys' behalf during the Pre-Sublicensing Term (and Patents (i) […***…] and (ii) […***…]), in each of the foregoing cases that are not assigned to Xencor in accordance with Section 10.6(d)(i), to make, have made, use, sell, offer to sell and import any and all anti-CD19 Antibodies and/or any pharmaceutical composition containing any of the foregoing; but — with respect to the foregoing […***…] that are not owned by but are instead licensed to MorphoSys — such license shall only be granted to the extent permitted under MorphoSys's agreement with the licensor of such […***…] and Xencor shall adhere to the terms of such agreement between MorphoSys and licensor. The foregoing license shall be freely sublicensable through one (1) or more tiers of sublicensees without the need to obtain consent.

(e) Reimbursement of development costs. In the case of all terminations covered by this Section 10.6, but excluding termination under Section 10.3 (Insolvency), Xencor shall reimburse MorphoSys for its fully burdened, documented costs incurred between the Effective Date of this Agreement and the termination date for the development of Licensed Antibody(ies) and Licensed Products including, but not limited to clinical trial costs and FTE-based compensation accounted for at the FTE rate (**"MorphoSys Development Costs"**), at the following rates and according to the following payment schedule:

(i) Termination prior to dosing the first patient in the first Phase 2 Trial for the Licensed Product: […***…] reimbursement.

(ii) Termination after dosing the first patient in the first Phase 2 Trial but prior to dosing the first patient in the first Phase 3 Trial for the Licensed Product: twenty […***…] reimbursement

(iii) Termination after dosing the first patient in the first Phase 3 Trial for the Licensed Product: […***…] reimbursement.

Xencor shall only be required to make such reimbursement at the time when Xencor receives or generates revenue related to the development and/or commercialization of Licensed Antibody(ies) and/or Licensed Products. Xencor shall only be required to pay to MorphoSys a maximum of […***…] of each installment of such received or generated revenue at any time and/or in any period until the time at which the applicable percentage of MorphoSys Development Costs has been fully reimbursed. As an example, if MorphoSys Development Costs are […***…] dollars ($[…***…]) and the applicable percentage of reimbursement is […***…] ([…***…]%), and Xencor receives a payment of […***…] dollars ($[…***…]) from a future licensee of Licensed Antibody(ies) and/or

Licensed Products, then Xencor shall pay […***…] ($[…***…]) to MorphoSys and such payment shall count against the required reimbursement of […***…] dollars ($[…***…]).

(f) Contract Transfer and/or Assignment. To the extent requested by Xencor in writing […***…] following termination as provided in the first sentence of this Section 10.6 (and no later than […***…] following such a termination MorphoSys shall provide copies for review, but only to the extent permitted under such contracts, to enable Xencor to make such decision), and subject to cost reimbursement according to Section 10.6(j)(i) below, MorphoSys shall transfer and/or assign to Xencor all licenses, manufacturing agreements and other contracts specific to Licensed Antibody(ies) and Licensed Products (including clinical trial and manufacturing agreements with respect thereto), to the extent such licenses and other contracts are in effect as of the date of such termination and such transfer and/or assignment is permitted under the contract.

(g) Trademarks. To the extent requested by Xencor in writing within […***…] following termination as provided in the first sentence of this Section 10.6, to the extent permitted by applicable law, MorphoSys shall license or otherwise transfer rights to Xencor to all trademarks Controlled by MorphoSys and used solely in connection with the commercialization of Licensed Antibody(ies) and Licensed Products in the MorphoSys Territory.

(h) Regulatory.

(i) Transfer. To the full extent permitted by law MorphoSys shall take all actions reasonably necessary to transfer to Xencor all essential documentation, data, protocols and filings (including all raw clinical data, SAS datasets, trial master files, regulatory correspondence (including minutes of meetings with Regulatory Authorities), INDs, Marketing Authorization Applications, Marketing Authorizations, other regulatory filings related to any Licensed Antibody or Licensed Product that MorphoSys holds as of the time of such termination, and any other documentation or data needed in accordance with International Conference of Harmonization E6 Good Clinical Practice: Consolidated Guidance), in each case of the foregoing to the extent reasonably required to support continued clinical development. The foregoing transfer shall be subject to cost reimbursement according to Section 10.6(j)(i) below.

(ii) Ongoing Trials. If any Licensed Product clinical trial(s) are ongoing at the time of termination, which clinical trials are solely sponsored by MorphoSys, then Xencor shall notify MorphoSys in writing within […***…] after the effection date of the termination which of the following Xencor elects and MorphoSys shall comply with and carry out Xencor's election:

(1) MorphoSys shall continue such ongoing trial and/or transfer sponsorship of such ongoing Licensed Product clinical trial(s) to Xencor on a reasonable timeline. Xencor shall be responsible for (i) the costs of the continued conduct of the trial by MorphoSys and/or transfer (as applicable), which shall include that Xencor shall reimburse MorphoSys at MorphoSys' (or its Affiliate's) fully burdened cost, determined in accordance with GAAP , and (ii) for the costs of the trial as sponsored by Xencor (as applicable).

-OR-

(2) MorphoSys shall wind down the trial and shall be fully and solely responsible for all costs associated such wind-down, and shall continue to comply with all remaining obligations and commitments made to Regulatory Authorities by MorphoSys (including if applicable, patient registries), to the extent the compliance with such obligations and commitments is required by law, at MorphoSys's sole cost. Such costs shall be subject to reimbursement by Xencor to MorphoSys in accordance with Section 10.6 (e).

(i) No Further Representations. MorphoSys shall discontinue making any representation regarding its status as a licensee of Xencor in the MorphoSys Territory for Licensed Antibody and Licensed Products and shall cease conducting all activities with respect to the marketing, promotion, sale or distribution of all of the foregoing.

(j) Transition Assistance.

(i) Subject to Sections 10.6(d)-(h) above, to the extent reasonably permissible under the circumstances at the time, and to the extent requested by Xencor in writing within […***…] following termination as provided in the first sentence of this Section 10.6, MorphoSys shall also provide such assistance as may be reasonably necessary to transfer and/or transition over a reasonable period of time to Xencor any MorphoSys Know-How, trademarks, regulatory filings, licenses and other contracts specific to Licensed Antibody(ies) and Licensed Products including clinical trial and manufacturing agreements with respect thereto, and provided that Xencor agrees to assume financial responsibility and all other obligations under each such license or contract (other than the case where MorphoSys has failed to obtain royalty-free rights under the the Post-Sublicensing Patents). Xencor shall be responsible for the reasonable costs and expenses of MorphoSys in providing such assistance, other than FTE-based compensation, but including the expenses and costs of travel food and lodging.

(ii) In addition, to the extent that MorphoSys or a MorphoSys Affiliate is then manufacturing itself (respectively) Licensed Products in the MorphoSys Territory and upon Xencor's request, MorphoSys shall use Commercially Reasonable Efforts to (or cause its Affiliate to) continue to manufacture Licensed Products for Xencor's use in the MorphoSys Territory until the earlier of (i) two (2) years and if reasonably required by Xencor to fully accomplish the technology and transfer without supply interruption then an additional year (for a total in that case of three (3) years) after the effective date of termination, and (ii) such time as Xencor has validated an alternative manufacturer, and quantities of Licensed Product supplied by such manufacturer may legally be sold in the MorphoSys Territory. Any such Licensed Product shall be supplied to Xencor and Xencor shall reimburse MorphoSys at MorphoSys' (or its Affiliate's) fully burdened manufacturing cost, determined in accordance with GAAP.

(k) Remaining Inventories. Xencor shall have the right to purchase from MorphoSys (or its Affiliate) all of the inventory of Licensed Products held by MorphoSys (or its Affiliate) as of the effective date of termination at a price equal to MorphoSys' (or its Affiliate's) fully burdened manufacturing cost, determined in accordance with GAAP.

(l) Affiliates. MorphoSys shall cause its Affiliates to comply with Section 10.6(a)-(k) as if they were MorphoSys.

(m) Sublicensees. MorphoSys shall use Commercially Reasonable Efforts to obtain from each Sublicensee obligations in the Sublicense for the Sublicensee to comply with Sections 10.6(b), (d), (e), (h), (j) and (k) as if the Sublicensee were MorphoSys, on the same or better terms as provided for in Sections 10.6(b), (d), (e), (h), (j) and (k) (or to avoid doubt, obligations in the Sublicense for the Sublicensee to provide MorphoSys to provide the rights of Sections 10.6(b), (d), (e), (h), (j) and (k) to MorphoSys in case the Sublicense terminates, and for these to be passed on by MorphoSys to Xencor in case this Agreement also terminates). In any event, MorphoSys shall provide in each Sublicense that whatever rights (if any) and terms with respect to the subject matter of Sections 10.6(b), (d), (e), (h), (j) and (k) are granted to MorphoSys in case such Sublicense terminates shall be passed on to Xencor if this Agreement also terminates (as non-limiting examples: if MorphoSys obtains cost-free exclusive access to or ownership of intellectual property and clinical data, then this shall also be cost-free when passed on to Xencor if this Agreement terminates; if MorphoSys obtains a broader assignment back, then the assignment to Xencor shall be identically broadened if this Agreement terminates). Also in any event, MorphoSys shall in each Sublicense obtain at a minimum the following: The license to Xencor under Post-Sublicensing Patents of Section 4.4, including to the extent granted under Post-Sublicensing Patents of the Sublicensee, shall survive in case the Sublicense terminates. In case the Sublicense terminates, there shall be a non-exclusive, royalty-free, sublicensable (through one (1) or more tiers without consent) license back to MorphoSys under the Post-Sublicensing Patents to make, have made, use, sell, offer to sell, and import Licensed Antibodies and/or Licensed Products; which license shall be passed on to Xencor if this Agreement also terminates.

10.7 MorphoSys Rights upon Certain Terminations. Upon effective termination of this Agreement by MorphoSys under Section 10.2 (Material Breach) or 10.3 (Insolvency):

(a) Survival of Granted Licenses. The licenses granted by Xencor to MorphoSys under Section 4.1 shall survive and shall automatically convert to become freely sublicensable, perpetual (except in case of MorphoSys's failure to pay milestones and royalties due on the continued use of the license not cured within […***…] after written notice from Xencor; *provided, however,* that the license is not lost during good faith dispute of the amount of such payment(s) subject to resolution under Article 12), and irrevocable (except in case of MorphoSys's failure to pay milestones and royalties due on the continued use of the license not cured within […***…] after written notice from Xencor; *provided, however,* that the license is not lost during in good faith dispute of the amount of such payments(s) subject to resolution under Article 12) and shall remain exclusive as to all then-future exercise of the license and continue to be payment-bearing at the rates provided for in this Agreement. For clarity, the license under Post-Sublicensing Licensed Patents shall remain royalty free and this Section 10.7(a) does not alter that.

(b) Transfer of Required Know-How, Data and Materials. Within […***…] following such termination, to the full extent permitted by law Xencor shall transfer to MorphoSys all essential documentation, data, protocols, and filings (including all raw clinical data, SAS datasets, trial master files, regulatory correspondence (including minutes of meetings with Regulatory Authorities), INDs, Marketing Authorization Applications, Marketing Authorizations, other regulatory filings related to any Licensed Antibody or Licensed Product that Xencor holds as of the time of such termination, and any other documentation or data needed in accordance with International Conference of Harmonization E6 Good Clinical Practice: Consolidated Guidance), in each case of the foregoing to the extent reasonably required to support continued clinical development.

(c) Pre-Sublicensing and Pre-Partnering Term. The Pre-Sublicensing and Pre-Partnering Term shall be deemed to have ended effective immediately upon such termination.

(d) JDC. The JDC shall no longer meet unless requested by MorphoSys and all obligations of MorphoSys relating to the JDC according to Article 2 shall not be applicable any longer.

(e) Initial Phase 1 Clinical Trial. If such termination occurs during the Collaboration Term, then, upon MorphoSys' request, Xencor shall transfer the sponsorship for the Ongoing Phase I Trial to MorphoSys without undue delay, and MorphoSys in its sole discretion may assume responsibility for the Ongoing Phase 1 Trial. In the event that sponsorship for the Ongoing Phase I Trial is transferred to MorphoSys, Xencor shall use commercially reasonable diligence efforts to provide MorphoSys with any information and/or assistance requested by MorphoSys, including assisting MorphoSys as requested in conducting the Ongoing Phase 1 Trial to a successful completion in the shortest amount of time reasonably possible.

(f) Diligence Obligations of MorphoSys. The diligence obligations of MorphoSys as set forth in Section 2.2 (c)(ii), 3.1, 3.8, 3.12, 6.2(c) and 6.2(d) shall cease.

(g) Affiliates. Xencor shall cause its Affiliates to comply with this Section 10.7 as if they were Xencor.

(h) Other Rights and Obligations. All other rights and obligations of the Parties (including MorphoSys's payment obligations to Xencor; Sections 5.5 through 5.14 shall survive expiration or termination for such payment obligations) shall be unaffected.

10.8 Other Remedies. The remedies in this Article 10 are not exclusive. Either Party may elect to seek other relief and remedies available under law through an arbitration proceeding under Article 12.

ARTICLE 11

SURVIVAL

11.1 **Survival.** The following provisions shall survive any expiration or termination of this Agreement:

Article or Section	Title of Article or Section	Clarification (if any)
Article 1	Definitions	
Article 7	Confidentiality	Expiring later in accordance with its terms.
Article 8	Representations and Warranties	
Article 9	Indemnification	
Article 10.5-10.8	Term and Termination	For clarity, "all other rights and obligations" of the Parties according to Section 10.7 (h) (under termination to which Section 10.7 applies) shall not exclude — for the purpose of this Section — the provisions not listed in this table of Section 11 of surviving provisions, but subject to Sections 10.7 (a) through 10.7 (g).
Article 11	Survival	
Article 12	Dispute Resolution	
Article 13	Miscellaneous	
Sections 5.5 - 5.14	Quarterly Payment Timings	To the extent necessary to govern mechanics of any accrued during the Term payment obligations and related audits.
Sections 6.1(a) and 6.1(b)	Ownership of Inventions	With respect to Section 6.1(b), to the extent necessary to assign inventions generated during the Term under this Agreement.
Section 6.8	Patent Challenges	To the extent necessary to govern any accrued during the Term payment obligations under Section 6.8.

ARTICLE 12

DISPUTE RESOLUTION

12.1 **Seeking Consensus**. If any dispute, controversy or claim arising out of or relating to the validity, construction, enforceability, performance or breach of this Agreement (except for any dispute regarding the validity, scope or enforceability of any Licensed Patent and/or Post-Sublicensing Licensed Patent, and/or whether such Patent(s) is (are) infringed, which shall be submitted to a court of competent jurisdiction) arises between the Parties ("**Dispute**"), then upon the written request of either Party, the Parties shall have senior executive officers with decision-making authority of each Party meet and discuss in good faith the matter over a period of at least […***…]. If the Parties do not reach agreement through the discussions of such senior executives within such […***…], then the Parties' CEOs shall discuss and attempt to reach agreement as to the matter within an additional […***…]. If the Parties do not reach agreement as to the matter (the Dispute) within such additional […***…] by the CEO discussions, then either Party may by written notice demand dispute resolution under and in accordance with Section 12.2. The written request shall explain the nature of the Dispute and refer to the relevant provisions of the Agreement upon which the Dispute is based.

12.2 **Arbitration, Rules and Place**. Any Disputes not resolved after all procedures under Section 12.1 may be referred by either Party to final and binding arbitration in accordance with the remainder of this Article 12 by written notice to the other Party, and final and binding arbitration under this Article will in any event be the sole and exclusive means of dispute resolution under this Agreement (i.e., the Parties waive their rights to go to a court instead of arbitration (except either Party may seek a preliminary injunction or other equitable remedy

pending arbitration or go to court to enforce the arbitral award)). If a Party intends to begin an arbitration to resolve a Dispute, such Party shall provide written notice by certified or registered mail to the other Party informing such other Party of such intention and the issues to be resolved. The complaining Party's notice shall include a detailed description of the Dispute. The arbitration shall be conducted before three (3) arbitrators, one chosen by each Party from the list provided by the commercial arbitration rules of the American Arbitration Association ("**AAA Rules**"), and the third appointed in accordance with the AAA Rules. The Parties shall employ procedures designed to resolve the conflict by arbitration within […***…] of the date of the written notice described above. Any situation not expressly covered by this Agreement shall be decided in accordance with the AAA's most applicable rules. The arbitration shall take place in New York City, New York State, U.S.A. The arbitration proceeding shall be conducted in English.

12.3 **Governing Law**. This Agreement will be construed in accordance with, and governed in all respects by, the laws of the State of New York (without giving effect to principles of conflicts of law).

12.4 **Legal Fees**. Subject to any award the arbitrators may make, each Party shall bear its own legal fees, costs and expenses.

12.5 **Payment**. Any monetary award shall be paid in U.S. dollars free of any tax, deduction or offset; and any costs or fees incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the Party resisting enforcement.

12.6 **Enforcement by Court Action**. Each Party agrees that any award and any other remedy rendered by any arbitral tribunal referred to herein may be entered in a court of competent jurisdiction if necessary to its enforcement and as is permitted under the relevant laws, taking into account the provisions of Section 12.3.

12.7 **Confidentiality**. The arbitrators shall issue appropriate protective orders to safeguard each Party's Confidential Information and to keep the proceeding confidential (except to the extent a Party has a legal disclosure obligation).

12.8 **Survival**. Any duty to arbitrate under this Agreement shall remain in effect and be enforceable after termination of this Agreement for any reason.

12.9 **Waiver**. By agreeing to binding arbitration, the Parties understand that they are waiving certain rights and protections which may otherwise be available if a Dispute were determined by a litigation in court, including the right to seek or obtain certain types of damages precluded by the arbitration procedures set forth in this Article 12, the right to a trial by jury, and the right to invoke formal rules of procedure and evidence.

ARTICLE 13

MISCELLANEOUS

13.1 **Export Control**. This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States of America or other countries which may be imposed upon or related to Xencor or MorphoSys from time to time. Each Party agrees that it shall not export, directly or indirectly, any technical information acquired from the other Party under this Agreement or any products using such technical information to a location or in a manner that at the time of export requires an export license or other governmental approval, without first obtaining the written consent to do so from the appropriate agency or other governmental entity.

13.2 **Entire Agreement; Amendment**. This Agreement (including the Exhibits hereto) sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto and supersedes and terminates all prior agreements and understandings between the Parties (including the Prior CDA). There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. No subsequent alteration, amendment, change or addition to this

Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party.

13.3 **Bankruptcy**. All rights and licenses granted under or pursuant to this Agreement by either Party to the other are and shall be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(52) of the US. Bankruptcy Code. Each Party agrees that the other Party, as a licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code. Without limiting the foregoing, the Parties further agree that if a bankruptcy proceeding is commenced by or against one Party (the "**Debtor**") then, in the event the Debtor rejects this Agreement pursuant to Section 365 of the U.S. Bankruptcy Code or otherwise applicable law and the other Party elects to retain its rights hereunder pursuant to Section 365(n) of the U.S. Bankruptcy Code or otherwise applicable law, the other Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property. The Parties further agree, without limiting the foregoing, that unless and until the Debtor rejects this Agreement pursuant to applicable law, the Debtor shall perform all of its obligations hereunder or immediately provide to the other Party a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and the same, if not already in the other Party's possession; *provided, however*, that upon assumption of this Agreement by the Debtor pursuant to Section 365 of the U.S. Bankruptcy Code or otherwise applicable law, the other Party shall promptly return all such tangible materials, intellectual property and embodiments thereof that have been provided to it solely as a result of this Section.

13.4 **Force Majeure**. Both Parties shall be excused from the performance of their obligations under this Agreement to the extent that such performance is prevented by a Force Majeure and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting Force Majeure continues and the nonperforming Party takes reasonable efforts to remove the condition. For purposes of this Agreement, "**Force Majeure**" means conditions beyond a Party's reasonable control or ability to plan for, including acts of God, war, terrorism, civil commotion, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, and destruction of production facilities or materials by fire, earthquake, storm or like catastrophe.

13.5 **Notices**. Any notice required or permitted to be given under this Agreement shall be in writing, shall specifically refer to this Agreement and shall be deemed to have been sufficiently given for all purposes if mailed by express delivery service or personally delivered. The date of the notice shall be the date of receipt by the notified Party, or three (3) business days after sending by express delivery service, whichever is earlier. Unless otherwise specified in writing, the mailing addresses of the Parties shall be as described below.

If to Xencor:

Xencor, Inc.
111 West Lemon Avenue
Monrovia CA 91016
Attention: CEO
Facsimile: +1 (626) 305-0350

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

Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105
Attention: Laura O. Spiegelman
Facsimile: +1 (415) 268-7522

In the case of MorphoSys:

MorphoSys AG
Lena-Christ-Strasse 48
82152 Martinsried/Planegg
Germany
Attention: CEO
Facsimile: +49 (89) 899 27 222

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

Perkins Coie LLP
607 Fourteenth Street, NW
Washington, DC 20005
Attention: Colin G. Sandercock
Facsimile +1 (202) 654-9673

13.6 **Maintenance of Records**. Each Party shall keep and maintain all records required by law or regulation with respect to Licensed Products.

13.7 **Construction**. This Agreement has been prepared jointly and shall not be strictly construed against either Party. Any reference in this Agreement to an Article, Section, subsection, paragraph, clause, Schedule or Exhibit shall be deemed to be a reference to any Article, Section, subsection, paragraph, clause, Schedule or Exhibit, of or to, as the case may be, this Agreement. Except where the context otherwise requires, (a) any definition of or reference to any agreement, instrument or other document refers to such agreement, instrument other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein), (b) any reference to any laws refers to such laws as from time to time enacted, repealed or amended, (c) the words "herein," "hereof" and hereunder," and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof.

13.8 **Ambiguities**. Ambiguities, if any, in this Agreement shall not be construed against any Party, regardless of which Party may be deemed to have authored the ambiguous provision.

13.9 **Assignment. Neither** this Agreement nor any right or obligation hereunder may, except for as set out in Sec. 10.5(c), be assigned or otherwise transferred by any Party without the consent of the other Party; *provided, however,* that any Party may, without such consent, assign this Agreement in its entirety to such Party's Affiliate (for so long as the relationship of Affiliation endures) or if such Party merges with, or all or substantially all of its business or assets are acquired by, another entity (whether by merger, sale of assets, sale of stock or otherwise) (an "**M&A Event**"), to the Party's merger partner or the acquiror as part of that M&A Event; provided, however, that (i) in case Xencor is a party to an M&A Event, Xencor shall for any assignment being performed under an M&A Event, which is contemplated during the Collaboration Term provide a written notice to MorphoSys, prior to or at closing the transaction of the respective M&A Event, with which Xencor and the future assignee guarantee performance under the Agreement, specifically including all of Xencor's obligations with respect to the Ongoing Phase 1 Trial, or (ii) in case MorphoSys is a party to an M&A Event and the other party at the time of the M&A Event has an enhanced B-cell depleting anti-CD19-program in development or on the market, the other party to the M&A Event shall (a) […***…], and (b) […***…], with which the assignee guarantees that it will (aa) […***…] […***…]; and (bb) […***…]. Xencor may assign this Agreement in whole or in part without MorphoSys's consent as may be necessary or useful in connection with the monetization, sale or other transfer of any of the payments due to Xencor under this Agreement. Xencor shall assure that any of its assignees takes over all of Xencor's obligations under this Agreement, or that Xencor or its Affiliate continues to be responsible for such obligations. Each Party agrees that, notwithstanding any provisions of this Agreement to the contrary, if this Agreement is assigned by a Party in connection with an M&A Event, such assignment shall not provide the non-assigning Party with rights or access to intellectual property or technology of the merger partner or acquiror of the assigning Party existing prior to such M&A Event. Any permitted assignment shall be binding on the successors of the assigning Party. In addition, notwithstanding anything express or implied in this Agreement, if Xencor and/or MorphoSys becomes part of the corporate family of a larger pharmaceutical or biopharmaceutical company, then

under no circumstances shall any entities in that family other than Xencor and/or MorphoSys and its respective Affiliates prior to joining the corporate family, be deemed to be "Affiliates" of Xencor or MorphoSys for purposes of the intellectual property definitions in this Agreement. Other than an assignment under Section 10.5(c), any assignment or attempted assignment by either Party in violation of the terms of this Section shall be null and void.

13.10 **Performance by Affiliates**. Each of the Parties acknowledge that obligations under this Agreement may be performed by Affiliates of Xencor and MorphoSys, and each of Xencor and MorphoSys guarantee performance of this Agreement by its respective Affiliates. If any dispute arises out of the performance of this Agreement by an Affiliate, or the alleged failure of an Affiliate to comply with the conditions and obligations of this Agreement, the Party seeking to resolve such dispute shall have the right to do so directly with the other Party, without any obligation to first pursue an action against, or recovery from, the Affiliate which is alleged to have caused a breach of this Agreement. A Party is jointly and severally liable with its Affiliates for performance under this Agreement.

13.11 **Independent Contractors**. It is expressly agreed that Xencor and MorphoSys shall be independent contractors and that the relationship between them shall not constitute a partnership, joint venture or agency. Neither Xencor nor MorphoSys shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party to do so.

13.12 **Counterparts**. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.13 **Severability**. If any provision of this Agreement is held to be invalid or unenforceable in the alternative dispute resolution proceedings specified in Article 12 from which no court appeal can be or is taken, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

13.14 **Headings**. The headings for each article and section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular article or section.

13.15 **No Waiver**. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the subsequent enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time executed by an authorized officer of the waiving Party.

13.16 **Costs**. Each Party shall bear its own legal costs of and incidental to the preparation, negotiation and execution of this Agreement.

13.17 **Language**. This Agreement has been prepared in the English language. No translation or version of this Agreement in another language shall be of any force or effect or be used to interpret this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Xencor and MorphoSys execute this Agreement by the hands of their duly authorized officers, effective as of the Effective Date:

Xencor, Inc.

By: /s/ Bassil Dahiyat
Name: Bassil Dahiyat
Title: President and CEO
Date: 27 June 2010

MorphoSys AG

By: /s/ S.E. Moroney
Name: S.E. Moroney
Title: CEO
Date: 27 June 2010

By: /s/ Marlies Sproll
Name: Marlies Sproll
Title: CSO
Date: 27 June 2010

LIST OF EXHIBITS

Exhibit A —	Amino Acid Sequence of XmAb5574
Exhibit B —	Listed Xencor Patents
Exhibit C —	Excluded Variants (I)
Exhibit D —	High-ADCC Variants
Exhibit E —	[…***…]
Exhibit F —	Excluded Variants (II)
Exhibit G —	JDC and Team Composition
Exhibit H —	Active Contracts
Exhibit I —	Initial Public Announcement
Exhibit J —	Xencor Development Plan
Exhibit K —	Licensed Know-How
Exhibit L —	Protocol for measurement of Affinity Constants of Binding
Exhibit M —	[…***…]

EXHIBIT A

AMINO ACID SEQUENCE OF XMAB5574

[…*…]**

EXHIBIT B

LISTED XENCOR PATENTS

[...*...]**

EXHIBIT C

EXCLUDED VARIANTS (I)

[…*…]**

EXHIBIT D

HIGH-ADCC VARIANTS

[…*…]**

EXHIBIT E

[…***…]

EXHIBIT F

EXCLUDED VARIANTS (II)

[…*…]**

EXHIBIT G

JDC AND TEAM COMPOSITION

[…*…]**

EXHIBIT H

ACTIVE CONTRACTS

[…*…]**

EXHIBIT I

INITIAL PUBLIC ANNOUNCEMENT

[…***…]

MorphoSys and Xencor Sign License and Collaboration Agreement for Clinical Antibody Program

MorphoSys Strengthens Clinical Portfolio with Innovative Antibody in Phase 1 Cancer Trial [Note: Foregoing subtitle may be omitted in Xencor's release.]

[…***…]

EXHIBIT J

XENCOR DEVELOPMENT PLAN

[…*…]**

EXHIBIT K

LICENSED KNOW-HOW

[…*…]**

EXHIBIT L

PROTOCOL FOR MEASUREMENT OF AFFINITY CONSTANTS OF BINDING

[…*…]**

EXHIBIT M

[…***…]

Exhibit 10.30

*****Certain identified information has been excluded from the exhibit because it both (i) is not material and (ii) is the type that the company treats as private or confidential. Such omitted information is indicated by brackets ("[...***...]") in this exhibit.*****

Xencor, Inc.
111 West Lemon Avenue
Monrovia, CA 91016
Attn: Bassil Dahiyat, CEO
Fax: +1 626 305 0350

Copy: Morisson & forester LLP

425 Market Street
San Francisco, CA 94105
Attn: Laura O. Spiegelman
Fax: +1 415 268 7522

CONFIDENTIAL

March 23rd, 2012

Re: First Amendment to the Collaboration and License Agreement ("Agreement") effective as of June 27, 2010, between Xencor, Inc. ("Xencor") and MorphoSys AG ("MorphoSys"), related to the extension of the Ongoing Phase I Trial[1].

Dear Bassil,

MorphoSys and Xencor have decided and agreed that the Ongoing Phase I Trial performed under the Agreement by Xencor shall be extended and that the Xencor Development Plan shall be amended accordingly.

Therefore, the Parties agree that Exhibit J (Xencor Development Plan) of the Agreement shall be amended to cover all activities defined in the […***…]

Xencor shall perform the Additional Activities in compliance with the terms of the Agreement (including this First Amendment) and with the […***…]. Xencor shall at all times remain the sponsor of such Additional Activities within the […***…].

MorphoSys shall pay for the clinical costs actually incurred by Xencor to complete the Additional Activities ("Additional Clinical Costs"), an estimation of which costs was provided by Xencor as set out in Appendix A hereto. Xencor shall closely inform MorphoSys on the status of the actual Additional Clinical Costs and shall promptly upon receipt provide MorphoSys with copies of all invoices received by Xencor from the Third Parties performing the Additional Clinical Activities (including CRO and clinical sites). MorphoSys shall also pay for the Licensed Product manufactured by […***…]. For the avoidance of doubt, any other batch of Licensed Product used by Xencor for the Additional Activities shall be and remain fully at Xencor's cost.

This First Amendment letter shall become effective as of the date of the date of Xencor's countersignature below.

[1] All capitalized terms in this First Amendment shall have the meaning ascribed to them in the Agreement, unless otherwise expressly set out.

Except as expressly amended hereby, the Agreement shall continue in full force and effect. This First Amendment is incorporated and made a part of the Agreement between MorphoSys and Xencor. In the event of any conflict or inconsistency between the Agreement and this First Amendment, the latter shall prevail.

If the foregoing terms are agreeable to Xencor, please countersign and date this letter herebelow and return the original to MorphoSys.

Best regards,

MorphoSys AG

Name: /s/ Dr. Andy Schottelin

Title: CDO

Date: March 23, 2012

Name: /s/ Dr. Marlies Sproll

Title: CSO

Date: March 23, 2012

Xencor, Inc.

Name: /s/ Bassil Dahiyat

Title: President and CEO

Date: March 28, 2012

Appendix A

[…***…]

EXHIBIT 10.34

*****Certain identified information has been excluded from the exhibit because it both (i) is not material and (ii) is the type that the company treats as private or confidential. Such omitted information is indicated by brackets ("[...***...]") in this exhibit.*****

CONFIDENTIAL
EXECUTION VERSION

RESEARCH AND LICENSE AGREEMENT

This Research and License Agreement (the **"Agreement"**) is entered into as of September 15, 2015 (the **"Effective Date"**), by and between **Xencor, Inc.**, a corporation organized under the laws of the State of Delaware (**"Xencor"**), having an address of 111 West Lemon Avenue, Monrovia, California 91016, and **Amgen Inc.**, a corporation organized under the laws of the State of Delaware (**"Amgen"**), having an address of One Amgen Center Drive, Thousand Oaks, California 91320.

Recitals

Whereas, Xencor has developed expertise in engineering Bi-Specific Antibodies (as defined below);

Whereas, Amgen is engaged in the research, development and commercialization of pharmaceutical products, including Bi-Specific Antibodies;

Whereas, the parties intend to conduct a discovery program using the Xencor Know-How to identify Compounds and Products (as such terms are defined below) for development and commercialization, subject to the terms and conditions of this Agreement; and

Whereas, Amgen desires to obtain from Xencor, and Xencor desires to grant to Amgen, an exclusive license to develop, manufacture, and commercialize Products, subject to the terms and conditions of this Agreement.

Agreement

Now, Therefore, in consideration of the foregoing premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Xencor and Amgen hereby agree as follows:

1. Definitions

1.1 "Affiliate" means, with respect to a given Person, any Person that, directly or indirectly, through one or more intermediaries, is controlled by, controls, or is under common control with such party, as the case may be, but for only so long as such control exists. As used in this Section 1.1, "control" shall mean direct or indirect beneficial ownership of more than 50% (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) of the voting share capital or other equity or economic interest of a

Person, or the power, whether pursuant to a contract, ownership of securities or otherwise, to direct the management and policies of a Person.

1.2 "Amgen Background Patents" means any and all Patents that Amgen or any of its Affiliates Controls as of the Effective Date or during the Term that (i) Cover Amgen Know-How, or (ii) would be infringed by (a) the performance of Xencor's obligations hereunder, or (b) the development, manufacture, use, or sale of a Xencor Reverted Product, excluding Amgen Invention Patents.

1.3 "Amgen Invention" means, subject to Section 9.1(a)(i) and (ii), any Invention invented solely by Amgen or its Affiliates or Sublicensees or by any of their employees or contractors.

1.4 "Amgen Invention Patent" means a Patent that Covers an Amgen Invention.

1.5 "Amgen Know-How" means all Know-How that Amgen or any of its Affiliates Controls as of the Effective Date or during the Term (subject to Section 15.6), excluding Amgen Inventions, which Know-How (i) is disclosed by Amgen to Xencor, in Amgen's sole discretion and is reasonably necessary or useful for Xencor to perform Research Program activities, or (ii) (A) was used by Amgen or its Affiliates in research and development of the Programs prior to the Effective Date or (B) is used by Amgen or its Affiliates, or Xencor or its Affiliates, in performing its obligations or exercising its rights hereunder after the Effective Date.

1.6 "Amgen Patents" means all Amgen Background Patents and Amgen Invention Patents.

1.7 "Amgen Technology" means the Amgen Know-How, Amgen Inventions and the Amgen Patents.

1.8 "Antibody" means any protein derived from an immunoglobulin or fragment thereof (including heavy chain domains, light chain domains, Fc domains, constant chain domains, scFv, Fv Region, Fab and Fab'2 fragments).

1.9 "Available" […***…].

1.10 "Biosimilar" […***…]

[…***…]**.**

1.11 "Bi-Specific Antibody" means an Antibody that (i) contains a heterodimeric Fc domain, and (ii) has at least two Fv Regions, which Fv Regions bind two, and only two, different Targets.

1.12 "Calendar Quarter" means each respective period of three consecutive months ending on March 31, June 30, September 30, and December 31.

1.13 "Calendar Year" means each respective period of 12 consecutive months ending on December 31.

1.14 **"**[…***…].

1.15 **"**[…***…].

1.16 **"**[…***…].

1.17 "Change of Control" means with respect to a specified party: (a) the acquisition, directly or indirectly, by a Person or "group" (whether in a single transaction or multiple transactions) of more than 50% of the voting power of such party or of beneficial ownership of (or the right to acquire such beneficial ownership) of more than 50% of the outstanding equity or convertible securities of such party (including by tender offer or exchange offer); (b) any merger, consolidation, share exchange, business combination, recapitalization, the sale of substantially all assets of, or similar corporate transaction involving such party (whether or not including one or more wholly owned subsidiaries of such party), other than: (i) transactions involving solely such party and one of more Affiliates, on the one hand, and one or more of such party's Affiliates, on the other hand, and/or (ii) transactions in which the stockholders of such party immediately prior to such transaction hold at least 50% of the voting power of the surviving company or ultimate parent company of the surviving company; or (c) the adoption of a plan relating to the liquidation or dissolution of such party. For purposes of this definition, the terms "group" and "beneficial ownership" shall have the meaning accorded in the U.S. Securities Exchange Act of 1934 and the regulations promulgated thereunder in effect as of the Effective Date.

1.18 "Combination Product" means a Product sold in combination with other pharmaceutical products.

1.19 "Commercially Reasonable Efforts" means, with respect to a party and an obligation to conduct a particular activity pertaining to the research, development or commercialization obligations hereunder that level of efforts and resources reasonably required to carry out such obligation consistent with the efforts commonly used by a similarly situated company in the biopharmaceutical industry with respect to a biopharmaceutical product which is of similar market potential and at a similar stage in its development or product life, and other relevant factors such as technical, legal, scientific or medical factors. Without limiting the foregoing, Commercially Reasonable Efforts requires, with respect to such obligations, that the party: promptly assign responsibility for such obligation to specific employee(s) or management team, which employees or team are responsible for progress and monitor such progress on an on-going basis, set annual objectives for carrying out such obligations, and allocate resources designed to advance progress with respect to such objectives. Notwithstanding the foregoing, to the extent that the performance of a party's obligations hereunder is impaired by the other party's failure to perform its obligations hereunder, the determination of whether such first party has used Commercially Reasonable Efforts in performing a given obligation will be determined in the context of such other party's failure.

1.20 "Compound" means a Discovery Program Compound or a Xencor Compound, as applicable.

1.21 "Confidential Information", of a party, means confidential or proprietary information, whether written, oral or in any other form, disclosed by such party to the other party, including any of the foregoing of Third Parties. "Confidential Information" shall also include information exchanged prior to the date hereof by either party pursuant to the Nondisclosure Agreement. "Confidential Information" includes the following, which are transferred, disclosed or made available by the disclosing party:

(a) confidential and proprietary technical and commercial information, Know-How, drawings, specifications, models and/or designs relating to development, manufacture, production, registration, promotion, distribution, marketing, performance or sale(s);

(b) experimental, manufacturing, process, analytical, packaging, product, warehousing, quality control and quality assurance and marketing specifications, standards, procedures, processes, methods, instructions and techniques, samples, prototypes, formulae, writings of any kind, opinions or otherwise unwritten data or in the form of computer software or computer programs;

(c) biological, chemical or physical materials provided under this Agreement;

(d) reports provided under this Agreement; and

(e) subject to Section 11.5, the terms of this Agreement, including correspondence and notices provided under this Agreement.

1.22 "Control" or **"Controlled"** means, with respect to any Know-How, Patent or other intellectual property right, the legal authority or right (whether by ownership, license or otherwise but without taking into account any rights granted by one party to the other party under the terms of this Agreement) of a party or its Affiliates to grant access, a license or a sublicense of or under such Know-How, Patent or other intellectual property rights to another party hereto, or to otherwise disclose proprietary or trade secret information to such other party, without (i) breaching the terms of any agreement with a Third Party, or misappropriating the proprietary or trade secret information of a Third Party, in each case in existence as of the time such party or its Affiliates would first be required hereunder to grant the other party such access, license or sublicense, or (ii) requiring any payment (whether or not then due and payable) with respect to the grant or exercise of such access, license or sublicense under any agreement with any Third Party in place as of the time such party would first be required hereunder to grant such access and license or sublicense (unless the other party agrees in writing to be responsible for such payments).

1.23 "Cover" means, with respect to a product and a Patent, that, in the absence of a (sub)license under, or ownership of, such Patent, the making, using, importing, offering for sale, selling or exporting of such product with respect to a given country would infringe, or contribute to or induce the infringement of, a Valid Claim of such Patent, or with respect to a patent application, any claim of such patent application as if it were contained in an issued patent. Cognates of the word **"Cover"** shall have correlative meanings.

1.24 "Discovery Program Compound" means a Bi-Specific Antibody that is created in the performance of a Discovery Program.

1.25 "[…***…].

1.26 "FDA" means the U.S. Food and Drug Administration, or any successor agency thereto.

1.27 "Field" means any and all uses.

1.28 "First Commercial Sale" means, on a Product-by-Product and country-by-country basis, the first sale of such Product by Amgen or any of its Affiliates or Sublicensees to a Third Party for end use or consumption in such country after Regulatory Approval has been granted with respect to such Product in such country; provided, that "First Commercial Sale" shall not include any sale (i) by Amgen to an Affiliate or Sublicensee, or (ii) sale, disposal or use of a Product for marketing, regulatory, development or charitable purposes, such as clinical trials, pre-clinical trials, compassionate use, named patient use, or indigent patient programs, without consideration.

1.29 "FTE Rate" means $[…***…] per year.

1.30 "Fv Region" means an antigen binding domain of an antibody containing a variable heavy region and a variable light region. For clarity, Fv Regions can be scFv domains or be contained within Fab domains, each on a different polypeptide sequence.

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

1.32 "GCP" means the then-current good clinical practices officially published by the FDA and under the ICH, and comparable regulatory standards in jurisdictions outside the U.S., that may be in effect from time to time.

1.33 "GLP" means the then-current good laboratory practice standards promulgated or endorsed by the FDA as defined in 21 C.F.R. Part 58, and comparable regulatory standards in jurisdictions outside the U.S., that may be in effect from time to time.

1.34 "GMP" means then-current good manufacturing practices required by the FDA, as set forth in the U.S. Federal Food, Drug and Cosmetic Act, as amended, and the regulations promulgated thereunder, for the manufacture and testing of biopharmaceutical materials, and comparable laws or regulations applicable to the manufacture and testing of biopharmaceutical materials in jurisdictions outside the U.S., that may be in effect from time to time. For clarity, GMP shall include applicable quality guidelines promulgated under the ICH.

1.35 "ICH" means the International Conference on Harmonization (of Technical Requirements for Registration of Pharmaceuticals for Human Use).

1.36 **"**[…***…].

1.37 **"**[…***…].

1.38 **"IND"** means an investigational new drug application filed with the applicable Regulatory Authority, which application is required to commence human clinical trials in the applicable country.

1.39 **"Initiation"**, with respect to a clinical trial or GLP toxicity study, means the first dosing of a subject in such clinical trial or study.

1.40 **"Inventions"** means all inventions, whether or not patentable, that are invented in the course of performing activities under this Agreement.

1.41 **"Joint Invention**" means, subject to Section 9.1(a)(i) and (ii), any Invention invented, jointly by, on the one hand, Amgen or its Affiliates or Sublicensees or by any of their employees or contractors, and, on the other hand, Xencor or its Affiliates or by any of their employees or contractors.

1.42 **"Joint Invention Patent"** means any Patent Covering a Joint Invention.

1.43 **"Know-How"** means all techniques, technology, trade secrets, inventions (whether patentable or not), methods, processes, know-how, data and results (including all research data, clinical pharmacology data, chemistry-manufacture-controls data (including analytical and quality control data and stability data), pre-clinical data and clinical data), regulatory documents and filings, and all other scientific, clinical, regulatory, manufacturing, marketing, financial and commercial information.

1.44 **"**[…***…].

1.45 **"Net Sales"** means, with respect to the sale of a unit of Product, the gross amounts invoiced by Amgen or any of its Affiliates or Sublicensees to Third Parties for sales of such Product, less the following deductions actually incurred, allowed, paid, accrued or otherwise specifically allocated to the sale of such unit of Product by Amgen or any of its Affiliates or Sublicensees using GAAP applied on a consistent basis:

(a) credits or allowances actually granted for defective or damaged Product, returns or rejections of Product (including allowances for spoiled, outdated, or withdrawn Product), price adjustments and billing errors;

(b) governmental and other rebates, refunds and chargebacks (or equivalents thereof) granted to managed health care organizations, pharmacy benefit managers (or equivalents thereof), federal, state, provincial, local and other governments, their agencies and purchasers and reimbursers or to trade customers;

(c) normal and customary trade, cash, prompt payment and/or and quantity discounts, allowances and credits actually allowed or paid and mandated discounts;

(d) sales taxes, VAT taxes, excise taxes, use taxes and other taxes and duties paid in relation to such Product and […***…] any other equivalent governmental charges imposed upon the importation, use or sale of Product;

(e) reasonable fees paid to wholesalers, distributors, selling agents (excluding any sales representatives of Amgen or any of its Affiliates or Sublicensees), group purchasing organizations, Third Party payors, other contractees and managed care entities, in each case with respect to such Product;

(f) […***…]% of gross sales to cover items such as bad debt, freight or other transportation charges, insurance charges, additional special packaging and other governmental charges; and

(g) retroactive price reductions actually granted to the Third Party applicable to sales of such Product.

Net Sales shall not include sales to Affiliates, Sublicensees or contractors engaged by Amgen to develop, promote, co-promote, market, sell or otherwise distribute Product, solely to the extent that such Affiliate, Sublicensees or contractor purchasing the Product resells such Product to a Third Party. However, subsequent sales of Product by such Amgen Affiliates, Sublicensees or contractors to a Third Party shall be included in the Net Sales when sold in the market for end-user use. For the avoidance of doubt, sales of a Product at or below Amgen's actual cost of goods for such Product for use in conducting clinical trials of such Product in a country in order to obtain the Regulatory Approval of such Product in such country shall be excluded from Net Sales calculations for all purposes. Also, notwithstanding anything to the contrary above, sales of a Product at or below Amgen's actual cost of goods for such Product for any compassionate use or named patient sales shall be excluded from Net Sales calculations.

In no event shall any particular amount identified above be deducted more than once in calculating Net Sales (i.e., no "double counting" of reductions).

In the event that Product is sold as part of a financial bundle with other products or included in financial package deals to customers and in such case, the price of Product relevant for the calculation of Net Sales will be the average invoiced sales price of Product in the preceding Calendar Quarter sold separately less the average discount of all products sold as part of such bundle or package.

For Net Sales of a Combination Product, the Net Sales applicable to such Combination Product in a country will be determined by multiplying the total Net Sales of such combined product by the fraction A/(A+B), where A is the actual price of the Product that is included in such Combination Product in the same dosage amount or quantities in the applicable country during the applicable quarter if sold separately, and B is the sum of the actual prices of all other products with which such Product is combined in such Combination Product, in the same dosage amount or quantities in the applicable country during the applicable quarter if sold separately. If A or B cannot be determined because values for such Product or such other products with which such Product is combined are not available separately in a particular country, then the parties shall discuss an appropriate allocation for the fair market value of such Product and such other

products with which such Product is combined to mutually determine Net Sales for the relevant transactions based on an equitable method of determining the same that takes into account, in the Territory, variations in potency, the relative contribution of each therapeutically active ingredient, and relative value to the end user of each therapeutically active ingredient.

1.46 "NCBI" means the National Center for Biotechnology Information.

1.47 "Nondisclosure Agreement" means the confidential disclosure agreement between the parties dated as of March 12, 2015 (Amgen ref. […***…]), including all subsequent addendums.

1.48 "Patents" means (i) all patents, priority patent filings and patent applications, and (ii) any renewal, divisional, continuation (in whole or in part), or request for continued examination of any of such patents, and patent applications, and any and all patents or certificates of invention issuing thereon, and any and all reissues, reviews, reexaminations, extensions, divisions, renewals, substitutions, confirmations, registrations, revalidations, revisions, and additions of or to any of the foregoing.

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

1.50 "Phase 1 Clinical Trial" means a study in humans which provides for the first introduction into humans of a product, conducted in normal volunteers or patients to generate information on product safety, tolerability, pharmacological activity or pharmacokinetics, as more fully defined in 21 CFR §312.21(a) or comparable regulations in any country or jurisdiction outside the U.S., and any amended or successor regulations.

1.51 "Phase 2 Clinical Trial" means a study in humans for which a primary endpoint is a preliminary determination of efficacy in patients with the disease being studied, as more fully defined in 21 CFR §312.21(b) or comparable regulations in any country or jurisdiction outside the U.S., and any amended or successor regulations.

1.52 "Phase 3 Clinical Trial" means a controlled study in humans that is performed after preliminary evidence suggesting effectiveness of a product has been obtained, and is intended to demonstrate or confirm the therapeutic benefit of such product and to gather the additional information about effectiveness and safety that is needed to evaluate the overall benefit-risk relationship of such product and to provide support for filing for Regulatory Approval and for such product's labeling and summary of product characteristics, as more fully defined in 21 CFR §312.21(c) or comparable regulations in any country or jurisdiction outside the U.S., and any amended or successor regulations.

1.53 "Program" means each discrete portion of the Research Program to develop, using Xencor Know-How, one or more Bi-Specific Antibodies against two defined Targets (i.e., each discrete portion will be limited to two different, specific Targets). For clarity, the Research Program will consist of six Programs. […***…]:

(a) […***…]

(b) […***…]

(c) […***…]

(d) […***…]

(e) […***…]

(f) CD38 and CD3.

The Programs described in sub-clauses (a) through (e), inclusive, and any Program resulting from a Target substitution in accordance with Section 3.1(b), are each further defined as a **"Discovery Program"** and the Program described in sub-clause (f) is further defined as the **"Xencor Program"**.

1.54 "Product" means any pharmaceutical or biologic product that contains or comprises a Compound or any modified or optimized version of a Compound, in any dosage form or formulation. Notwithstanding anything to the contrary herein, references to "Product" will be deemed references to the Compound (or any modified or optimized version of a Compound) contained in or comprising such Product. For clarity, references to "Compound" are not deemed references to any particular Product.

1.55 "Prosecution and Maintenance" (including variations such as "Prosecute and Maintain") means, with respect to a Patent, the preparing, filing, prosecuting and maintenance of such Patent, in any jurisdiction, as well as re-examinations, reviews, reissues and the like with respect to such Patent, together with the conduct of interferences, the defense of oppositions, post-grant reviews, inter partes reviews and other similar proceedings with respect to a Patent.

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

1.57 "Regulatory Approval" means any and all approvals, licenses, registrations, or authorizations of any country, federal, supranational, state or local regulatory agency, department, bureau or other government entity that are necessary for the development, manufacture, use, storage, import, transport, commercialization and sale of a Product in a given jurisdiction.

1.58 "Regulatory Authority" means any international, national, provincial, local or, in respect of any other political subdivision, regulatory agency, department, bureau, court or other government entity or instrumentality, that has responsibility in its applicable jurisdiction over the research, development, manufacture and commercialization of Products.

1.59 "Research Plan" means the plan of research to be conducted by the parties during the Research Term, which is attached as Schedule 1.59 as agreed by the parties as of the Effective Date, and as such plan may be amended by the JRC pursuant to Section 2.3.

1.60 "Research Program" means the research program, comprised of the individual Programs, to be conducted in accordance with the Research Plan and this Agreement.

1.61 "Research Term" means, […***…].

1.62 "Royalty Term" means, on a Product-by-Product and country-by-country basis, the period of time commencing on the First Commercial Sale of such Product in such country and ending […***…].

1.63 "SEC" means the U.S. Securities and Exchange Commission or any successor entity.

1.64 "Sublicensee" means a Third Party that is granted a license or sublicense to develop, make, have made, use, market, import, offer for sale or sell any Product, beyond the mere right to purchase Product from Amgen and its Affiliates, and shall not include Amgen's Affiliates or Third Party subcontractors acting solely for Amgen or its Affiliates in the supply chain or that perform discrete services (as opposed to being granted or delegated broad rights or responsibilities) on behalf of Amgen or its Affiliates. In no event shall Xencor or any of its Affiliates be deemed a Sublicensee.

1.65 "Target" means a specific human protein that is bound by an Fv Region of a Bi-Specific Antibody. […***…].

1.66 "Territory" means the entire world.

1.67 "Third Party" means a Person other than Xencor or Amgen, or an Affiliate of Xencor or Amgen.

1.68 "[…***…].

1.69 "[…***…].

1.70 "U.S." means the United States of America, including the District of Columbia.

1.71 "Valid Claim" means a claim of any issued and unexpired patent or patent application that has not specifically been held invalid or unenforceable by a final decision of a court or governmental agency of competent jurisdiction, which decision can no longer be appealed or was not appealed within the time allowed; provided, however, that if a claim of a pending patent application shall not have issued within […***…] years after the earliest filing date from which such claim takes priority, such claim shall not constitute a Valid Claim for the purposes of this Agreement unless and until a Patent right issues with such claim (from and after which time the same would be deemed a Valid Claim).

1.72 "Xencor Background Patents" means any and all Patents that Xencor or any of its Affiliates Controls that Cover Xencor Know-How, excluding Xencor Invention Patents.

1.73 "Xencor Compound" means a Bi-Specific Antibody that binds CD38 and CD3 and that is further developed during the performance of the Xencor Program. […***…].

1.74 "Xencor Invention" means (i) subject to Section 9.1(a)(ii), any Invention invented solely by Xencor or its Affiliates or by any of their employees or contractors, or (ii) any Invention that is subject to Section 9.1(a)(i).

1.75 "Xencor Invention Patent" means a Patent that Covers a Xencor Invention.

1.76 "Xencor Know-How" means Know-How that Xencor or any of its Affiliates Controls as of the Effective Date or during the Research Term (subject to Section 15.6) and that is reasonably necessary to research, develop, make, have made, use, export, sell and offer for sale or otherwise exploit Products in the Field in the Territory and (x) was used by Xencor and its Affiliates in its research and development of the Programs prior to the Effective Date or (y) that is used by Xencor or its Affiliates to perform the Research Program on or after the Effective Date, excluding Xencor Inventions. For clarity, and notwithstanding the foregoing, in all cases, Xencor Know-How (A) is limited to Know-How relating to (i) Fc domain variants for increased heterodimer formation and stability, or enhanced heterodimer separation, (ii) Bi-specific Antibody formats, (iii) Fv Regions that bind […***…], and (iv) Fc domain variants that ablate Fc receptor binding and (B) does not include any Know-How related to other Xencor Fc variants, including Fc variants for enhanced FcRIIb binding, enhanced ADCC or enhanced in vivo half-life.

1.77 "Xencor Patents" means all Xencor Invention Patents and Xencor Background Patents, as applicable.

1.78 "Xencor Technology" means the Xencor Know-How, Xencor Inventions and Xencor Patents.

1.79 Additional Definitions. The following terms have the meanings set forth in the corresponding Sections of this Agreement:

Term	Section
Abandoned Program	3.1(b)
Acquiree	15.6
Acquisition	15.6
Agreement	Preamble
Alliance Manager	2.1(b)
Amgen	Preamble
Amgen Indemnitee	13.1
[…***…]**-like Target**	1.9
Discovery Program	1.53
Dispute Claim	14.1
Effective Date	Preamble
Infringement	9.4(a)
JRC	2.1(a)
Losses	13.1
Materials	3.5
Milestone	7.2(a)
Milestone Payment	7.2(a)
Non-Publishing Party	11.4(a)
Pre-Clinical Development Data	3.6
Publishing Party	11.4(a)
Sale Transaction	15.5(a)
Term	12.1
Third Party Patent	7.3(c)
VAT	8.3(c)
Withdrawal Notice	2.5
Xencor	Preamble
Xencor Compound Patents	9.2(b)
Xencor Indemnitee	13.2
Xencor Program	1.53
Xencor Reverted Product(s)	12.4(b)(iii)(1)

2. Governance

2.1 Committee Formation.

(a) Promptly after the Effective Date, the parties will establish a joint research committee (the **"JRC"**) to oversee the Research Program. The JRC will be comprised of three representatives, who shall be employees of the applicable party, appointed by each of Xencor and Amgen respectively. Each party will notify the other party of its initial JRC members within […***…] days after the Effective Date. The parties, through the mutual agreement of their representatives to the JRC, may change the number of JRC representatives as long as there are an equal number of representatives of each of Xencor and Amgen respectively on the JRC. Each party may change its JRC representatives at any time by written notice to the other

party. Any representative of the JRC may designate a substitute to attend and perform the functions of that representative at any meeting of the JRC. Amgen shall appoint one of its JRC representatives as chairperson of the JRC, whose sole role as chairperson shall be to convene and preside at meetings of the JRC. Each party may invite a reasonable number of non-voting representatives of such party to attend meetings of the JRC. The JRC in its discretion may create functional subcommittees or working teams. Neither party shall invite a Third Party to attend without, except in the case of external legal counsel, the prior consent of the other party hereto, which consent shall not be unreasonably withheld, conditioned, or delayed; provided, that if a party wishes to invite legal counsel to a meeting of the JRC, it shall provide reasonable prior notice to the other party.

(b) Within […***…] days of the Effective Date, each party shall appoint a representative (**"Alliance Manager"**) to facilitate communications between the parties and to act as a liaison between the parties. Each party may replace its Alliance Manager at any time upon notice to the other party.

2.2 Committee Meetings. The JRC will hold meetings once each Calendar Quarter, or as otherwise agreed to by the parties. Such meetings may be conducted by videoconference, teleconference or in person, as agreed to by the parties; provided, that no less than two meetings of the JRC each Calendar Year shall be in person (one such meeting at Xencor's facilities and one such meeting at Amgen's facilities), unless otherwise agreed to by the parties. Minutes will be kept of all JRC meetings and will reflect material decisions made at such meetings. Meeting minutes will be prepared by the parties on a rotating basis and sent to each member of the JRC for review and approval promptly following each meeting. Minutes will be deemed approved unless a member of the JRC objects to the accuracy of such minutes within […***…] days of receipt. Any costs and expenses incurred by a party or its representatives related to a JRC meeting, including, if applicable, travel or telecommunication expenses, shall be borne by such party.

2.3 Committee Authority. The JRC shall be responsible for review and oversight of the parties' Research Program activities and decisions regarding any future research plans and experiments. Without limiting the foregoing, the JRC shall (a) provide a forum for review and discussion of the Research Plan; (b) review and approve amendments to the Research Plan; (c) facilitate the exchange of Information about the Research Program between the parties; and (d) have such other responsibilities as mutually agreed upon by the parties in writing on a case-by-case basis. The JRC shall only have such powers as are specifically assigned to it in this Agreement, and such powers shall be subject to the terms and conditions set forth herein. Without limiting the generality of the foregoing, the JRC shall have no power to amend this Agreement, and no decision of the JRC shall be in contravention of any terms and conditions of this Agreement.

2.4 Committee Decision-Making. Decisions of the JRC with respect to matters within the decision-making authority of the JRC shall be made by unanimous vote, with Xencor's representatives on the JRC collectively having one vote and Amgen's representatives on the JRC collectively having one vote. At each JRC meeting, at least one member appointed by each party present at the meeting shall constitute a quorum. If the JRC fails to reach unanimous agreement on a matter before it for decision for a period in excess of […***…] days,

then either party may refer the matter to the Executive Vice President, R&D, for Amgen, and the Chief Executive Officer, for Xencor. Such executives shall endeavor to meet promptly to discuss the matter. In the event that such executives are unable to reach agreement regarding any matter referred to them within […***…] days of such referral, and provided that Amgen's executive has used good faith efforts to reach a mutually satisfactory resolution, then Amgen shall decide such matter; provided, however, that Amgen shall not have the power to resolve such a matter (a) in a manner that would require Xencor to perform additional activities not contemplated by this Agreement or the Research Plan (as the Research Plan exists on the Effectiv7e Date or as it was last amended with Xencor's consent); (b) with the effect of reducing or delaying payments to Xencor; (c) in a manner that would restrict Amgen from performing additional activities in furtherance of the Research Plan and in accordance with this Agreement; or (d) by unilaterally amending the terms of this Agreement.

2.5 Withdrawal. At any time during the Term and for any reason, Xencor shall have the right to withdraw from participation in the JRC upon written notice to Amgen, which notice shall be effective immediately upon receipt (**"Withdrawal Notice"**). Following the issuance of a Withdrawal Notice and subject to this Section 2.5, Xencor's representatives to the JRC shall not participate in any meetings of the JRC. If, at any time, following the issuance of a Withdrawal Notice, Xencor wishes to resume participation in the JRC, Xencor shall notify Amgen in writing and, thereafter, Xencor's representatives to the JRC shall be entitled to attend any subsequent meeting of the JRC as if a Withdrawal Notice had not been issued by Xencor. Following Xencor's issuance of a Withdrawal Notice, unless and until Xencor resumes participation in the JRC in accordance with this Section 2.5: (i) all meetings of the JRC shall be held at Amgen's facilities; and (ii) Xencor shall have the right to continue to receive the minutes of the JRC but shall not have the right to approve the minutes for, or vote on any matter before, the JRC with respect to any meeting held after Xencor's issuance of a Withdrawal Notice (and unless and until Xencor resumes participation in the JRC in accordance with Section 2.5).

2.6 Dissolution. The JRC shall dissolve and cease to exist upon the completion of the Research Term or as otherwise agreed by the Parties.

3. Research Program

3.1 Research Program.

(a) Subject to the terms and conditions of this Agreement, Xencor and Amgen shall conduct the Research Program in good scientific manner and in compliance in all material respects with all requirements of applicable laws, rules and regulations and the terms of this Agreement and the Research Plan, using Commercially Reasonable Efforts to carry out the activities assigned to such party under the Research Plan. The Research Plan may be amended from time to time during the Research Term by the JRC.

(b) Subject to subclause (iv) below, at any time during the Research Term, Amgen will be entitled to substitute Targets in up to three of the five Discovery Programs with respect to which Amgen has not initiated in vivo non-human primate studies, by way of providing written notice thereof to Xencor; provided, that (i) such substituted Targets are Available at the time such written notice is received by Xencor for such substitution, (ii) Amgen

shall not have the right to substitute a Target for […***…] in any of the Discovery Programs that include […***…] as of the Effective Date, (iii) Amgen shall not have the right to substitute […***…] as a Target for any Discovery Program that does not include […***…] as of the Effective Date, and (iv) if Xencor has delivered to Amgen […***…] under the Research Plan with respect to the initial Discovery Program Targets, Amgen shall make any substitutions under this Section 3.1(b) of such initial Targets by the […***…]. For clarity, from and after provision of such notice, the Bi-Specific Antibodies with specificity for such substituted Targets shall henceforth be Compounds hereunder, while the Bi-Specific Antibodies that have specificity for the Target(s) that were replaced shall cease to be Compounds hereunder and the Program that is no longer being pursued shall be referred to as an **"Abandoned Program"**. For clarity, Amgen will have no right to substitute Targets in any Discovery Program (x) that has […***…] or (z) at any time after the expiration of the Research Term.

(c) Each party shall be responsible for those costs and expenses it incurs in performing its obligations under the Research Plan; provided, that, if Amgen desires to extend the Research Term beyond the third anniversary of the Effective Date, (i) Amgen shall provide written notice thereof to Xencor no later than […***…] days prior to such date, (ii) the parties shall cooperate in good faith to agree upon […***…], (iii) Xencor promptly (but in any event prior to the third anniversary of the Effective Date) shall invoice Amgen for […***…] and (iv) Amgen will pay such invoice within […***…] days of its receipt thereof. For clarity, Amgen shall not have the right to extend the Research Term for more than a total of 12 months beyond the third anniversary of the Effective Date and any extension of the Research Tem shall be contingent upon notice and payment being provided in accordance with this Section 3.1(c).

3.2 Exchange of Information. Promptly following the Effective Date, and from time to time as necessary during the Research Term, Xencor shall disclose to Amgen all Xencor Know-How that is reasonably necessary for the performance by Amgen of its responsibilities under the Research Program, and Amgen shall disclose to Xencor all Amgen Know-How that is reasonably necessary for the performance by Xencor of its responsibilities under the Research Program. After the Research Term, Xencor shall disclose to Amgen all Xencor Know-How not previously disclosed that is reasonably necessary for Amgen to exercise the rights licensed under Section 5.1(a). Notwithstanding the foregoing, or anything to the contrary herein, neither party shall be required to disclose information that is subject to *bona fide* confidentiality obligations to a Third Party; provided, that if the rights granted to the other party hereunder would reasonably be expected to be adversely affected or such party otherwise would be prejudiced hereunder by such failure to disclose, the party bound by such confidentiality obligations will use commercially reasonable efforts to obtain the consent of such Third Party to disclose such information.

3.3 Records and Reports. Xencor and Amgen shall each maintain records, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall fully and properly reflect work done and results achieved in the performance of the Research Program by such party. The parties will share information about the performance of the Research Program, including Development Data generated through performance of the Research Program through the JRC.

3.4 Use of Subcontractors. Subject to Section 5.3, each party shall be entitled to utilize the services of Affiliates and/or Third Parties to perform certain of its Research Program activities; provided, that each subcontracting party shall remain at all times responsible for the performance of its respective responsibilities under the Research Program and any Third Party subcontractor to be engaged by a party to perform its obligations set forth in this Agreement will meet the qualifications typically required by such party for the performance of work similar in scope and complexity to the subcontracted activity. The subcontracting party will (i) be responsible for ensuring compliance by any such subcontractors with the terms of this Agreement, as if such subcontractor(s) are such party hereunder; and (ii) will contractually require such subcontractor(s) to (A) enter into a written agreement containing confidentiality obligations that are substantially consistent with the obligations of confidentiality and non-use contained in this Agreement, (B) prior to the time such subcontractor(s) initiates work, assign ownership of Inventions made in the course of Research Program activities to such party in accordance with Section 10.1(a) and (C) conduct the relevant activities under this Agreement in accordance with such party's commitments hereunder. The activities of any such subcontractor(s) will be considered activities of such party under this Agreement. A subcontracting party shall notify the other party of such use of a subcontractor as promptly as practicable upon engagement of such subcontractor.

3.5 Materials. In order to facilitate the Research Program, either party may provide to the other party certain tangible biological materials or chemical compounds Controlled by the supplying party (collectively, **"Materials"**) for use by the other party in accordance with the terms of this Agreement. Except as otherwise provided under this Agreement, all such Materials delivered to the other party will remain the sole property of the supplying party, will be used only in furtherance of the exercise of rights or performance of obligations under this Agreement and in accordance with this Agreement, and for no other purpose, and will not be used or delivered to or for the benefit of any Third Party without the prior written consent of the supplying party (unless otherwise specifically contemplated hereunder), and will be used in compliance with all applicable laws, rules and regulations. Specifically, the receiving party shall not use the Materials in humans, including for diagnostic testing, or in animals intended for food use. The provision of Materials to the receiving party hereunder does not grant such party any rights other than those specifically granted in this Agreement. Delivery of the Materials shall be […***…]. The receiving party shall be responsible for any and all consents, approvals, authorizations or other permits necessary for the use, handling, transfer, and/or storage of the Materials. The receiving party shall: (i) receive the Materials; (ii) promptly notify the supplying party when the Materials have been received; and (iii) forward to the supplying party any applicable chain of custody forms, in-transport temperature record(s) and receipt verification documentation and such other documentation reasonably requested by the supplying party. The receiving party shall be responsible for import clearance (including preparing any necessary documentation with respect thereto) and making entry of shipment. The supplying party shall provide the relevant shipping documentation, pro forma invoice and airway bill, together with such other documentation necessary for the use, handling, transfer, and/or storage of the Materials. The Materials supplied under this Agreement must be used with prudence and appropriate caution in any experimental work because not all of their characteristics may be known. Except as expressly set forth herein, THE MATERIALS ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS

FOR ANY PARTICULAR PURPOSE OR ANY WARRANTY THAT THE USE OF THE MATERIALS WILL NOT INFRINGE OR VIOLATE ANY PATENT OR OTHER PROPRIETARY RIGHTS OF ANY THIRD PARTY. During the Research Term, for record-keeping purposes, the parties shall compile a list (that shall include the type of material, quantity, shipping date and any other relevant details) on a quarterly basis setting forth the Materials provided to/from each party, which document shall be signed by an authorized representative of each party. For clarity, this Section 3.5 shall apply during the Research Term only, after which the parties will enter into an appropriate material transfer agreement with respect to any transfer of Materials, which agreement will be subject to this Agreement and will be interpreted consistent with the terms hereof.

3.6 Ownership of Pre-Clinical Development Data. All pre-clinical data and other pre-clinical results generated by or resulting from or in connection with the conduct of the Research Program (collectively, the **"Pre-Clinical Development Data"**) shall be jointly owned by the parties (and each party shall require that all of its Affiliates and subcontractors assign any of such Affiliates' and subcontractors' right, title and interest in and to such Pre-Clinical Development Data to such party) and shall be deemed the Confidential Information of both parties.

4. Development, Manufacturing and Commercialization

4.1 Development, Manufacturing and Commercialization.

(a) Subject to the terms and conditions of this Agreement (including those activities to be performed by Xencor during the Research Term), Amgen (itself and with its Affiliates and Sublicensees, as applicable) shall be responsible, at its sole cost and expense, for all development, regulatory, manufacturing and commercialization activities with respect to each Product in the Field in the Territory, including distribution, marketing and sales activities. For clarity, after the completion of the Research Term, Amgen shall continue to have the right to conduct preclinical development with respect to all Products (but shall not have the right to create new Compounds). Subject to the terms and conditions of this Agreement, all decisions concerning the development, marketing and sales of Products, including the clinical and regulatory strategy, design, sale, price and promotion of Products shall be within the sole discretion of Amgen.

(b) On a Program-by-Program basis, Amgen shall use Commercially Reasonable Efforts (itself and with its Affiliates and Sublicensees, as applicable) to develop, obtain and maintain Regulatory Approval of, and, if successful, commercialize a Product from each Program on a worldwide basis.

4.2 Conduct of Activities.

(a) In performing all activities hereunder, each party shall (and shall cause its Affiliates and Sublicensees, as applicable, to) use relevant facilities and equipment in a good scientific manner and in compliance with applicable scientific standards, laboratory practices and legal and regulatory requirements, and retain adequately trained personnel and engage and control adequately qualified internal or external personnel and collect and develop all relevant Know-How for the research, development and commercialization of Products.

(b) Each party (and its Affiliates and Sublicensees, as applicable) shall perform its activities with respect to Products in the Field in the Territory in good scientific manner and in compliance with all requirements of applicable laws, rules and regulations, including (as applicable): the U.S. Federal Food, Drug and Cosmetic Act, as amended (FFDCA), the U.S. Public Health Service Act (PHSA), the rules governing medicinal products in the European Union and further national legislation, regulatory provisions regarding protection of human subjects, GCP, GLP, GMP, IND regulations, and any conditions imposed by a Regulatory Authority, and comparable statutes and regulatory requirements in other jurisdictions.

(c) Subject to Sections 3.4 and 5.3, Amgen shall be entitled to utilize the service of Third Parties to perform such development, regulatory, manufacturing and commercialization activities with respect to Products in the Field in the Territory; provided, that any such Third Party service provider relationship shall be in writing and shall be subject to, and consistent with, the terms and conditions of this Agreement and Amgen shall be responsible for compliance with the terms and conditions of this Agreement by any such Third Party service provider.

4.3 Disclosure Regarding Efforts. With respect to each Program, following the end of the Research Term and during the remainder of the Term until a Product within such Program obtains Regulatory Approval, Amgen will provide Xencor with annual written reports within […***…] days after the end of each Calendar Year, summarizing Amgen's and its Affiliates' and Sublicensees' development and commercialization efforts with respect to each Product in the Field during such Calendar Year, including significant preclinical, clinical and regulatory events such as initiation and results of clinical trials and filing of significant regulatory documents and a description of planned activities for the following Calendar Year. In addition to such report and during such same period, at Xencor's request, Xencor and Amgen will meet in-person or remotely by telephone or video-conference at least semi-annually in order for Amgen to update Xencor regarding the matters described in this Section 4.3. Without limiting the generality of the foregoing, Amgen shall report to Xencor the achievement of each Milestone for which payment to Xencor is due in accordance with Section 7.2.

5. Grant of Licenses

5.1 License Grant to Amgen. Subject to the terms and conditions of this Agreement, during the Term, Xencor hereby grants to Amgen:

(a) an exclusive (even as to Xencor and its Affiliates, except as expressly set forth herein and subject to Xencor and its Affiliates retaining the rights necessary or useful to perform the Research Program), worldwide, royalty-bearing license, with the right to grant sublicenses as provided in Section 5.3, under the Xencor Technology and Xencor's rights under the Joint Invention Patents, solely to research and develop (but not create new Compounds), conduct clinical trials, obtain Regulatory Approval of, make, have made, use, import, offer for sale, sell, export or otherwise exploit, Products in the Field in the Territory; and

(b) a non-exclusive, worldwide, royalty-free license, with the right to grant sublicenses as provided in Section 5.3, under the Xencor Technology and Xencor's rights under

the Joint Invention Patents, solely to perform Amgen's obligations under the Research Program during the Research Term.

5.2 License Grant to Xencor. Subject to the terms and conditions of this Agreement, during the Research Term, Amgen hereby grants to Xencor a non-exclusive, worldwide, royalty-free license, with the right to grant sublicenses as provided in Section 5.3, under the Amgen Technology and Amgen's rights under the Joint Invention Patents, solely to perform Xencor's obligations under the Research Program during the Research Term.

5.3 Sublicenses. Each party shall have the right to grant sublicenses under the licenses granted to it under Section 5.1 or 5.2, as applicable, to any Affiliate or Third Party. Any and all sublicenses granted hereunder shall be in writing and shall be subject to, and consistent with, the terms and conditions of this Agreement. Each party shall be responsible for compliance with the terms and conditions of this Agreement by its Sublicensees and Affiliates to whom it grants any sublicense hereunder and will continue to be responsible for the full performance of all of such party's obligations under the Agreement. Within […***…] days after execution, each party shall provide the other party with a full and complete copy of each agreement granting a sublicense to any Sublicensee (provided that a party may redact any confidential information contained therein that is not necessary or useful to confirm compliance with this Agreement). For clarity, the obligation to provide a copy of each sublicense agreement includes the agreements granted through multiple tiers of sublicensing.

5.4 Reserved Rights. Subject only to the rights expressly granted to Amgen under Section 5.1 and the obligations set forth in Article 6, Xencor hereby expressly reserves all rights to practice, and to grant licenses under, the Xencor Technology for any and all purposes, including to conduct all activities to be conducted by Xencor pursuant to the Research Plan. Subject only to the rights expressly granted to Xencor under Section 5.2, Amgen hereby expressly reserves all rights to practice, and to grant licenses under, the Amgen Technology for any and all purposes. For clarity, and notwithstanding the foregoing, the licenses (i) granted under this Article 5 by Xencor or Amgen, as applicable, shall immediately expire, without any further actions required by either party, with respect to any Abandoned Program and any Product associated with an Abandoned Program, and (ii) granted by Xencor to Amgen under Section 5.1 do not include the right to create any Compounds. In addition, for clarity, Amgen expressly reserves all rights to create or otherwise exploit Bi-Specific Antibodies or other compounds against the Targets without using, infringing or misappropriating the Xencor Technology.

5.5 No Implied License. No right or license under any Patents or other intellectual property rights of a party is granted or shall be granted by implication to the other party, and each party covenants not to practice or use any Patents or other intellectual property rights of the other party except pursuant to the licenses expressly granted in this Agreement or any other written agreement between the parties. All such rights or licenses are or shall be granted only as expressly provided in the terms of this Agreement. Each party further covenants and agrees that it shall not (and shall cause its Affiliates and Sublicensees not to), either directly or indirectly, use the Xencor Technology (in the case of Amgen), or the Amgen Technology (in the case of

Xencor), in any manner not expressly set forth in Section 5.1 or Section 5.2 (or, to the extent applicable, Section 12.4(b)(iii)(1)), as applicable.

6. Exclusivity.

On a Program-by-Program basis, during the Term, and subject to Amgen using Commercially Reasonable Efforts to develop or commercialize a Product with respect to such Program, Xencor and its Affiliates will not conduct or participate in, or knowingly advise, assist or enable any Third Party to conduct or participate in, the development, manufacture or commercialization of any Bi-Specific Antibody that only (relative to other human Targets) (i) binds […***…] such Program and (ii) in the case of a Program in which […***…] is a Target, binds to the […***…] Target in such Program and binds to a […***…] Target, except under and in accordance with this Agreement.

7. Fees and Payments

7.1 Initial Payment. Amgen shall make a one-time, non-refundable, non-creditable payment to Xencor of $45,000,000 within […***…] days after the Effective Date.

7.2 Milestone Payments.

(a) […***…] (i) within […***…] business days after the first achievement of each of the events set forth below (each, a **"Milestone"**) by Amgen or any of its Affiliates or Sublicensees, Amgen shall notify Xencor in writing of such occurrence, (ii) Xencor shall invoice Amgen for the corresponding payment amount (each, a **"Milestone Payment"**) and (iii) Amgen will pay each such invoice within […***…] days of its receipt thereof:

(i) with respect to the […***…] of the corresponding Milestone for a Product containing or comprising a Xencor Compound:

Milestone	Milestone Payment
1. Development Milestones	
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
2. Sales Milestones	
(a)[…***…]	$[…***…]
(b)[…***…]	$[…***…]
3. Total Milestone Payments for the Xencor Program	$355,000,000

(ii) with respect to the first occurrence of the corresponding Milestone for a Product containing or comprising a Discovery Program Compound:

Milestone	Milestone Payment
1. Development Milestones	
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
(a) […***…]	$[…***…]
2. Sales Milestones	
(a) […***…]	$[…***…]
(b) […***…]	$[…***…]
3. Total Milestone Payments for each Discovery Program	$260,500,000

(b) All Milestones Payments are non-creditable and non-refundable and shall be due and payable upon the occurrence of the corresponding Milestone regardless of any failure by Amgen to provide the notice required by Section 7.2(a). […***…].

(c) In the event that the development or commercialization of a Product in a given Program would trigger a Milestone Payment that skips any of the preceding Milestones, then at the time such Milestone Payment is made, all skipped Milestone Payments shall become immediately due and payable (e.g., […***…]).

7.3 Royalty Payments.

(a) On a Program-by-Program basis (i.e., not on an aggregate basis across all Products under this Agreement or across all Discovery Programs), Amgen shall pay to Xencor royalties on Net Sales of Products within a given Program at the applicable rate set forth below with respect to all Net Sales in a given Calendar Year:

(i) with respect to Products containing or comprising a Xencor Compound:

With respect to the Xencor Program only, worldwide Net Sales of Products in any Calendar Year	Royalty Due to Xencor (as a percentage of Net Sales)
That portion of Net Sales in any given Calendar Year that is less than or equal to $[…***…]	[…***…]%
That portion of Net Sales in any given Calendar Year that is greater than $[…***…], but less than or equal to $[…***…]	[…***…]%
That portion of Net Sales in any given Calendar Year that exceeds $[…***…]	[…***…]%

(ii) with respect to Products containing or comprising a Discovery Program Compound:

With respect to a given Discovery Program, worldwide Net Sales of Products in any Calendar Year	Royalty Due to Xencor (as a percentage of Net Sales)
That portion of Net Sales in any given Calendar Year that is less than or equal to $[…***…]	[…***…]%
That portion of Net Sales in any given Calendar Year that is greater than $[…***…], but less than or equal to $[…***…]	[…***…]%
That portion of Net Sales in any given Calendar Year that exceeds $[…***…]	[…***…]%

(b) The royalty rates under Section 7.3(a) are incremental with respect to the annual Net Sales of the applicable Products in a given Program. As an example, if Products containing or comprising a Xencor Compound achieve in any given Calendar Year $[…***…] in Net Sales, then an […***…]% royalty shall be paid on the first $[…***…] and a […***…]% royalty shall be paid on the remaining $[…***…]. From and after the expiration of the Royalty Term with respect to Product in a given country, Net Sales of such Product in such country will no longer be included in calculating global Net Sales for purposes of calculating the royalty due from Amgen to Xencor pursuant to Section 7.3(a), and no royalties shall be due in connection with sales of such Product in such country.

(c) […***…].

(d) […***…].

(e) […***…].

8. Payment; Records; Audits

8.1 Payment; Reports. The royalty payments due by Amgen to Xencor under Section 7.3 shall be calculated, reported and paid for each Calendar Quarter within […***…] days after the end of each Calendar Quarter during which the applicable Net Sales occurred and shall be accompanied by a report setting forth Net Sales of Products by Amgen and its Affiliates and Sublicensees in reasonably sufficient detail to permit confirmation of the accuracy of the royalty payment made, including the gross sales and Net Sales of each Product, on a country-by-country basis, and the exchange rates used in accordance with Section 8.2.

8.2 Manner and Place of Payment. All references to dollars and "$" herein shall refer to U.S. dollars. When conversion of payments from any currency other than U.S. dollars is required, such conversion shall be calculated using the average rate of exchange over the applicable Calendar Quarter to which the sales relate, in accordance with GAAP and the then current standard methods of Amgen or the applicable Sublicensee, to the extent reasonable and consistently applied; provided, however, that if, at such time, Amgen or the applicable Sublicensee does not use a rate for converting into U.S. dollar equivalents that is maintained in accordance with GAAP, then such party shall use an exchange rate equal to the rate of exchange for the currency of the country from which such payments are payable as published by *The Wall Street Journal*, Western U.S. Edition, as of the last day of the applicable Calendar Quarter in which the applicable sales were made (or, if unavailable on such date, the first date thereafter on which such rate is available). All payments hereunder shall be payable in U.S. dollars. All payments owed under this Agreement shall be made by wire transfer in immediately available funds to a bank and account designated in writing by the receiving party, unless otherwise specified in writing by such party.

8.3 Taxes.

(a) The parties acknowledge and agree that it is their mutual objective and intent to minimize, to the extent feasible, taxes payable with respect to their collaborative efforts under this Agreement and that they shall use their commercially reasonable efforts to cooperate and coordinate with each other to achieve such objective. For the avoidance of doubt, as between the parties, Amgen shall be responsible for any Branded Prescription Drug Fees that may be levied under section 9008 of the Affordable Care Act with respect to any Product sold.

(b) Subject to this Section 0(b), Xencor will pay any and all taxes levied on account of any payments made to it under this Agreement. If any taxes are paid or required to be withheld by Amgen for the benefit of Xencor on account of any payments payable to Xencor under this Agreement, Amgen will (i) deduct such taxes from the amount of payments otherwise due to Xencor, (ii) timely pay the taxes to the proper taxing authority, (iii) send proof of payment to Xencor as promptly as practicable following such payment and (iv) cooperate with Xencor in any way reasonably required by Xencor to obtain available reductions, credits or refunds of such taxes.

(c) All remuneration amounts payable by Amgen to Xencor are net amounts. Amgen shall be responsible for all Value Added Taxes (**"VAT"**), if any, attributable to transactions contemplated by this Agreement upon receipt of a valid VAT invoice and without

any offset or reimbursement from Xencor. Xencor shall cooperate with Amgen in any way reasonably requested by Amgen to obtain available reductions, credits or refunds of any VAT amounts attributable to transactions contemplated by this Agreement. For clarity, this Section 8.3(c) is not intended to limit Amgen's right to deduct value-added taxes in determining Net Sales.

(d) In the event that any tax is owing as a result of any action by Amgen, including any assignment or sublicense (including assignment to, or payment hereunder by, another Amgen-related entity or Affiliate), or any failure on the part of Amgen or its Affiliates to comply with applicable tax laws or filing or record retention requirements, that has the effect of modifying the tax treatment of Xencor hereto, then the payment in respect of which such tax is owing shall be made without deduction for or on account of such tax to ensure that Xencor receives a sum equal to the sum which it would have received had such tax not been due or otherwise, and any such payment shall be made after deduction of such tax. Each party shall cooperate with the other party in any way reasonably requested by the other party to minimize the tax implications of any such action.

(e) […***…].

8.4 Records; Audit. During the Term and for […***…] years thereafter, Amgen shall keep, and shall cause its Affiliates and Sublicensees to keep, complete and accurate records pertaining to the sale or other disposition of Product in sufficient detail to permit Xencor to confirm the accuracy of payments due hereunder. Xencor shall have the right, upon […***…] days' prior written notice to Amgen, to cause an independent, certified international public accounting firm reasonably acceptable to Amgen to audit such records during Amgen's normal business hours with the purpose of confirming the number of Product units sold, the gross sales and Net Sales of Product, the royalties payable, the method used to calculate the royalties payable, and the exchange rates used in accordance with Section 8.2. The audit shall be limited to pertinent records kept by Amgen and its Affiliates and Sublicensees for any year ending not more than […***…] months prior to the date of the written notice. An audit under this Section 8.4 shall not occur more than once in any Calendar Year, except in the case of any subsequent "for cause" audit. The accounting firm shall disclose to Xencor only whether the reports are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to Xencor. The accounting firm shall provide Amgen with a copy of any disclosures or reports made to Xencor and Amgen shall have an opportunity to discuss such disclosures or reports with Xencor and the accounting firm. Information, disclosures, or reports arising from any such examination shall be Confidential Information of Amgen subject to the confidentiality and other obligations of Article 11. Prompt adjustments shall be made by the parties to reflect the results of such audit (but in no event later than […***…] days thereafter). Xencor shall bear the full cost of such audit unless such audit discloses a variance of more than […***…]% of the payments due under this Agreement, in which case, Amgen shall bear the full cost of such audit.

8.5 Late Payments. In the event that any payment due under this Agreement is not sent to Xencor when due in accordance with the applicable provisions of Sections 7.1, 7.2,

or 8.1, the payment shall accrue interest from the date due at the prime rate as reported by Citibank N.A., plus […***…]%[…***…] per year calculated on the number of days such payment is delinquent, compounded annually and computed on the basis of a 365-day year; provided, however, that in no event shall such rate exceed the maximum legal annual interest rate. The payment of such interest shall not limit Xencor from exercising any other rights it may have as a consequence of the lateness of any payment.

9. Intellectual Property

9.1 Ownership of Inventions.

(a) Inventorship, and ownership, of any Inventions will be determined in accordance with the standards of inventorship and conception under U.S. patent laws (without reference to any conflict of law principles); […***…].

(b) Without modifying or limiting the ownership and rights as provided for in Section 9.1(a), each party shall, prior to any public disclosure or filing of a Patent application, disclose to the other party each Invention, and shall allow reasonably sufficient time (at least […***…] days from the date of receipt by the other party) for comment and review by the other party as to whether such other party would recommend for a Patent to be filed (but only by the party or parties who is or are entitled to do so in accordance with Section 9.2). The parties will work together to resolve any issues regarding inventorship or ownership of Inventions; provided that, subject to Section 9.2, the final decision on whether to file a Patent on an Invention shall be in the sole discretion of the party owning the Invention.

(c) Each party shall perform its activities under this Agreement through personnel who are subject to written obligations to assign intellectual property created in the course of their employment to such party or its Affiliate.

(d) Except as expressly provided in this Agreement, it is understood that neither party will have any obligation to obtain any approval or consent of, nor pay a share of the proceeds to or account to, the other party to practice, enforce, license, assign or otherwise exploit its interest in Pre-Clinical Development Data, Inventions or Patents owned jointly by the parties hereunder, including any Joint Inventions or Joint Invention Patents, and each party hereby waives any right it may have under the laws of any jurisdiction to require such approval, consent or accounting. Each party agrees to cooperate with the other party, as reasonably requested and at the requesting party's reasonable expense, and to take such actions, at the requesting party's reasonable expense, as may be required to give effect to this Section 9.1(d) in a particular country in the Territory.

9.2 Patent Prosecution and Maintenance.

(a) **Coordination.** Each party shall undertake Prosecution and Maintenance of Amgen Invention Patents, Joint Invention Patents, and Xencor Invention Patents in accordance with this Section 9.2, and subject to discussion by the parties. Furthermore, with respect to the Prosecution and Maintenance of each such Patent each party agrees to: (i) keep the other party reasonably informed with respect to such activities; (ii) consult with the other party

regarding such matters, including the final abandonment of any such Patent claims; and (iii) reasonably consider the other party's comments. For clarity, the parties understand that some Inventions may require coordination of Patent filings, including timing and coordination of genus and species filings as appropriate, to preserve and maximize intellectual property rights, prolong exclusivities and minimize the creation of prior art against such Patent filings of either party. If a party controls Prosecution and Maintenance of an Invention Patent (which for clarity does not include an Amgen Background Patent or a Xencor Background Patent) pursuant to this Section 9.2, and the other party in good faith reasonably believes that Xencor Technology (in the case of Xencor) or the Amgen Technology (in the case of Amgen), would be adversely affected by such controlling party's Prosecution and Maintenance activities, the parties shall use reasonable best efforts to work together to develop a mutually agreeable solution. If the parties are unable to agree on such solution within a reasonable period of time, the issue will be escalated to the chief patent counsels of each of Xencor and Amgen, as applicable, for resolution. If the chief patent counsels cannot reach a mutually agreeable solution, then the controlling party shall have the right to make the decision taking into account the other party's interest.

(b) **Joint Invention Patents and Xencor Compounds Patents.** Amgen shall have the first right, at its expense, to control the Prosecution and Maintenance of Joint Invention Patents and Patents solely related to Xencor Compound composition of matter or method of use ("**Xencor Compound Patents**"). Amgen shall consult with Xencor as to the Prosecution and Maintenance of the Joint Invention Patents and Xencor Compound Patents reasonably prior to any deadline or action with the applicable patent office and shall furnish to Xencor copies of all relevant documents reasonably in advance of such consultation; provided, that if Amgen determines not to continue the Prosecution and Maintenance of any Joint Invention Patents or Xencor Compound Patent, then Amgen shall provide reasonable prior written notice to Xencor of such determination (which notice shall, in any event, be given no later than […***…] days prior to the next deadline for any action that may be taken with respect to such Joint Invention Patent or Xencor Compound Patent with the applicable patent office), and Amgen shall, and it hereby does effective upon such notice with respect to a Joint Invention Patent, assign to Xencor Amgen's ownership interest in and to any such Joint Invention Patents, such that Amgen shall have no further rights under, in or to any such Joint Invention Patent (including under this Article 9), and Xencor shall have the right to undertake the Prosecution and Maintenance of any such Joint Invention Patents or Xencor Compound Patent at its own expense. For clarity, any such assignment by Amgen to Xencor of its ownership interest in or to any such Joint Invention Patents, is not intended to, and does not, confer upon Xencor any rights with respect to the development, manufacture or commercialization of a Discovery Program Compound or a Product containing a Discovery Product Compound.

(c) **Amgen Invention Patents.** Amgen shall have the sole right, at its expense, to control the Prosecution and Maintenance of Amgen Invention Patents. Amgen shall consult with Xencor as to the Prosecution and Maintenance of the Amgen Invention Patents that Cover Products, or the manufacture or use thereof, reasonably prior to any deadline or action with the applicable patent office and shall furnish to Xencor copies of all relevant documents reasonably in advance of such consultation.

(d) **Xencor Invention Patents.** Xencor shall have the sole right, at its expense, to control the Prosecution and Maintenance of Xencor Invention Patents (except as set forth in Section 9.2(b) with respect to Xencor Compound Patents). Xencor shall consult with Amgen as to the Prosecution and Maintenance of the Xencor Invention Patents that Cover Products or the manufacture or use thereof, reasonably prior to any deadline or action with the applicable patent office and shall furnish to Amgen copies of all relevant documents reasonably in advance of such consultation; provided, that if Xencor determines not to continue the Prosecution and Maintenance of any Xencor Invention Patent that solely Covers a Product then Amgen shall have the right to undertake such Prosecution and Maintenance at its own expense.

(e) **Background Patents.** Xencor shall have the sole right, but not the obligation, to control the Prosecution and Maintenance of the Xencor Background Patents and Amgen shall have the sole right, but not the obligation, at its expense, to control the Prosecution and Maintenance of the Amgen Background Patents. Without limiting the foregoing, Amgen shall be responsible for the out-of-pocket costs that Xencor incurs in connection with the Prosecution and Maintenance of the Xencor Background Patents that solely Cover a Product. Xencor shall invoice Amgen for such costs from time-to-time, and Amgen shall pay such invoices within […***…] days of receipt thereof.

9.3 Cooperation of the Parties. Each party shall cooperate with the other party in connection with all activities relating to the Prosecution and Maintenance of the Xencor Invention Patents, Amgen Invention Patents and Joint Invention Patents undertaken by such other party pursuant to Section 9.2, including: (i) making available in a timely manner any documents or information such other party reasonably requests to facilitate such other party's Prosecution and Maintenance of the Xencor Invention Patents, Amgen Invention Patents or Joint Invention Patents pursuant to Section 9.2; and (ii) if and as appropriate, signing (or causing to have signed) all documents relating to the Prosecution and Maintenance of any Xencor Invention Patents, Amgen Invention Patents or Joint Invention Patents by such other party. Each party shall, if requested, permit such other party to participate at its own expense in any opposition, interference, appeal, inter partes review, post-grant review or similar proceeding with respect to any Xencor Invention Patent, Amgen Invention Patent or Joint Invention Patent to the extent the same are directed to any Product, or manufacturing or use thereof.

9.4 Infringement or Misappropriation by Third Parties.

(a) **Notice.** In the event that Xencor or Amgen becomes aware of actual or threatened infringement or misappropriation of any Xencor Patent, Amgen Patent, Joint Invention Patent, Xencor Know-How, Amgen Know-How or Joint Invention by the manufacture, sale, use or importation of a Product, including the filing of any certification pursuant to the Biologics Price Competition and Innovation Act of 2009 (or any amendment or successor statute thereto) or any equivalent thereof (any of the foregoing, an **"Infringement"**), that party shall promptly notify the other party in writing.

(b) **Joint Invention Patents and Xencor Compound Patents.** Amgen shall have the first right, but not the obligation, to initiate and control any infringement proceedings or take other appropriate actions against an Infringement of the Joint Invention Patents or Xencor

Compound Patents or to defend a challenge of such Joint Invention Patent or Xencor Compound Patent in a declaratory judgment action, at its own expense and by counsel of its own choice, and Xencor shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. If Amgen fails to bring any such action or proceeding with respect to an Infringement by the sooner of (a) […***…] days following a request by Xencor to do so, or (b) […***…] days before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such actions, whichever comes first, then Xencor shall have the right to bring and control any such action at its own expense and by counsel of its own choice, and Amgen shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. It is understood that Amgen may exercise its rights under this Section 9.4(b) through a Sublicensee or other designee, and actions of such a Sublicensee or designee under authority from Amgen shall be deemed actions of Amgen for purposes of this Section 9.4(b).

(c) **Xencor Patents.** Xencor shall have the sole right to initiate any infringement proceedings or take other appropriate actions against an Infringement of any Xencor Patent or to defend against any challenge of a Xencor Patent, except in each case with respect to Xencor Compound Patents, which are subject to Section 9.4(b)).

(d) **Amgen Patents.** Amgen shall have the sole right to initiate any infringement proceedings or take other appropriate actions against an Infringement of any Amgen Patent or to defend against any challenge of an Amgen Patent.

(e) **Allocation of Recoveries.** Except as otherwise agreed to by the parties as part of a cost-sharing arrangement, any recovery realized as a result of any infringement proceeding or other action pursuant to this Section 9.4, after reimbursement of any litigation expenses of Xencor and Amgen, shall be retained by the party that brought and controlled such litigation for purposes of this Agreement, except that any recovery realized by Amgen as a result of such litigation (excluding any recovery attributable to Amgen Background Patents), after reimbursement of the parties' litigation expenses, shall be treated as […***…]

[…***…]

(f) **Cooperation.** In the event a party brings an infringement proceeding or other action in accordance with this Section 9.4, the other party shall reasonably cooperate with the party bringing the proceeding, including, if legally required to bring such action, being named as a party. The parties shall keep one another informed of the status of their respective activities regarding any proceeding or action undertaken with respect to (i) a Joint Invention Patent, or (ii) any Amgen Invention Patent or Xencor Invention Patent that Cover Products, pursuant to this Section 9.4 or settlement thereof, and the parties shall assist one another and cooperate in any such action at the other's reasonable request. The party enforcing and/or defending a Joint Invention Patent, or any Xencor Invention Patent or Amgen Invention Patent that Cover Products, may enter into any settlement, consent judgment, or other voluntary final disposition of any action contemplated by this Section 9.4 without the other party's prior consent; provided, that (a) the other party receives a general release of any claims against it in such proceeding and is promptly provided thereafter a copy of such settlement, consent judgment or other voluntary disposition and (b) such settlement does not have an adverse impact on (1) (A)

the rights granted by a party to the other party hereunder or (B) if Amgen is the settling party, any Xencor Background Patent, or if Xencor is the settling party, any Amgen Background Patent, or (2) result in a payment or other liability by the other party to a Third Party. Any other settlement, consent judgment or voluntary final disposition of any proceeding under this Section 9.4 by the party enforcing an Amgen Invention Patent, Xencor Invention Patent or Joint Invention Patent shall require the prior written consent of the other party, which consent such other party shall not unreasonably withhold.

9.5 Defense and Settlement of Third Party Claims. Each party shall promptly notify the other in writing of (a) any allegation by a Third Party that the activity of either of the parties pursuant to this Agreement infringes or may infringe the intellectual property rights of such Third Party or (b) any declaratory judgment action that is brought naming either party as a defendant and alleging invalidity of any of the Amgen Patents, Xencor Patents or Joint Invention Patents. Xencor shall have the sole right to control any defense of any such claim involving alleged infringement of Third Party rights by Xencor's activities at its own expense and by counsel of its own choice, and Amgen shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. Amgen shall have the sole right to control any defense of any such claim involving alleged infringement of Third Party rights by Amgen's activities at its own expense and by counsel of its own choice, and Xencor shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. Neither party shall have the right to settle any patent infringement litigation under this Section 9.5 in a manner that admits the invalidity or unenforceability of the other party's Patents or a Joint Invention Patent or imposes on the other party restrictions or obligations or other liabilities, without the written consent of such other party, which consent shall not be unreasonably withheld.

9.6 Patent Extension. The parties shall cooperate in determining which Patent claiming, covering, or that is directed to a given Product should be extended, and thereafter the parties shall cooperate in obtaining patent term restorations, supplemental protection certificates and/or their equivalents, and other forms of patent term extensions for a given Product with respect to any applicable Xencor Patent, Joint Invention Patent or Amgen Patent in any country or region where applicable; provided that, Amgen shall have the final decision making authority with respect thereto; provided, further, that Amgen shall not have the right to seek any such restoration, supplemental protection certificate or other extension of any Xencor Background Patent without Xencor's prior written consent, which Xencor may withhold in its sole discretion.

9.7 Trademarks. As between the parties, Amgen shall own all right, title and interest in and to any trademarks adopted by Amgen for use with a Product, and shall be responsible for the registration, filing, maintenance and enforcement thereof.

10. Representations, Warranties and Covenants

10.1 Mutual Covenants.

(a) **Employees, Consultants and Contractors.** Each party covenants that it has obtained or will obtain written agreements from each of its employees, consultants and

contractors who perform research or development activities pursuant to this Agreement, which agreements will obligate such persons to obligations of confidentiality and non-use and to assign Inventions in a manner consistent with the provisions of this Agreement.

(b) **Debarment.** Each party represents, warrants and covenants to the other party that it is not debarred or disqualified under the U.S. Federal Food, Drug and Cosmetic Act or comparable laws in any country or jurisdiction other than the U.S. and, to its knowledge, does not, and will not during the Term knowingly, employ or use, directly or indirectly, including through Affiliates or, in the case of Amgen, Sublicensees, the services of any person who is debarred or disqualified, in connection with activities relating any Product. In the event that either party becomes aware of the debarment or disqualification or threatened debarment or disqualification of any person providing services to such party, directly or indirectly, including through Affiliates or, in the case of Amgen, Sublicensees, which directly or indirectly relate to activities contemplated by this Agreement, such party shall promptly notify the other party in writing and such party shall cease employing, contracting with, or retaining any such person to perform any such services.

(c) **Compliance.** Each party covenants to the other that:

(i) In the performance of its obligations under this Agreement, such party shall comply with, and shall cause its and its Affiliates' employees and contractors to comply, with all applicable laws, rules and regulations.

(ii) As of the Effective Date through the expiration and termination of this Agreement, such party and, to its knowledge, its and its Affiliates' employees and contractors, shall not, in connection with the performance of their respective obligations under this Agreement, directly or indirectly through Third Parties, pay, promise or offer to pay, or authorize the payment of, any money or give any promise or offer to give, or authorize the giving of anything of value to a Public Official or Entity or other person for purpose of obtaining or retaining business for or with, or directing business to, any Person, including either party (it being understood that, without any limitation to the foregoing, such party, and to its knowledge, its and its Affiliates' employees and contractors, has not directly or indirectly promised, offered or provided any corrupt payment, gratuity, emolument, bribe, kickback, illicit gift or hospitality or other illegal or unethical benefit to a Public Official or any other Person in connection with the performance of such party's obligations under this Agreement, and shall not, directly or indirectly, engage in any of the foregoing).

10.2 Mutual Representations and Warranties. Each party represents and warrants to the other that, as of the Effective Date: (a) it is duly organized and validly existing under the laws of its jurisdiction of incorporation, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof, (b) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the person or persons executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action, (c) this Agreement is legally binding upon it, enforceable in accordance with its terms, and does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any material applicable law or regulation of any court, governmental body or administrative or other agency having jurisdiction

over it and (d) no consent, approval, authorization or order of any court or governmental agency or governmental body or Third Party is required for execution, delivery and performance by such party of this Agreement.

10.3 Xencor Representations and Warranties. Xencor represents and warrants to Amgen that, as of the Effective Date, and except as set forth on Schedule 10.3:

(a) Xencor has full legal or beneficial title and ownership of, or an exclusive license to, the Xencor Patents as is necessary to grant the licenses (or sublicenses) to Amgen to such Xencor Patents that Xencor purports to grant pursuant to this Agreement.

(b) Xencor has the rights necessary to grant the licenses to Amgen under Xencor Know-How that Xencor purports to grant pursuant to this Agreement, and the Xencor Know-How constitutes all the Know-How of Xencor that is necessary for Amgen to research, develop, conduct clinical trials, obtain Regulatory Approval of, make, have made, use import, offer for sale, sell, export or otherwise exploit Products in the Field in the Territory.

(c) The Xencor Patents owned by Xencor are not subject to, and to Xencor's knowledge the Xencor Patents licensed to Xencor are not subject to, any liens or encumbrances, and Xencor has not, and will not during the Term, grant any right to any Third Party under or with respect to the Xencor Technology that would conflict with the rights granted to Amgen hereunder or terminate any rights granted by a Third Party to Xencor or its Affiliates that are further granted to Amgen hereunder.

(d) None of the Xencor Patents are in-licensed by Xencor.

(e) Xencor has shared with Amgen complete and accurate copies of all Third Party licenses and agreements pursuant to which Xencor or its Affiliates has obtained rights to Xencor Patents and Xencor Know-How.

(f) No claim or action has been brought or, to Xencor's knowledge, threatened by any Third Party alleging that (i) the Xencor Patents are invalid or unenforceable or (ii) use of the Xencor Technology infringes or misappropriates or would infringe or misappropriate any right of any Third Party, and no Xencor Patent is the subject of any interference, opposition, cancellation or other protest proceeding.

(g) There are no pending actions, claims, investigations, suits or proceedings against Xencor or its Affiliates, at law or in equity, or before or by any Regulatory Authority, and neither Xencor nor any Affiliate has received any written notice regarding any pending or threatened actions, claims, investigations, suits or proceedings against Xencor or such Affiliate, at law or in equity, or before or by any Regulatory Authority, in either case with respect to the Xencor Technology.

(h) To Xencor's knowledge, no Third Party, including any current or former employee or consultant of Xencor, is infringing or misappropriating or has infringed or misappropriated the Xencor Technology.

(i) Notwithstanding Section 10.2(d), no premerger notification filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, in connection with the transaction that is subject to this Agreement (subject to Amgen's determination of value pursuant to 16 C.F.R. Sec. 801.10).

10.4 Additional Amgen Representations and Warranties. Amgen represents, and warrants to Xencor that, as of the Effective Date:

(a) Amgen has full legal or beneficial title and ownership of, or a license to, the Amgen Patents as is necessary to grant the licenses (or sublicenses) to Xencor to such Amgen Patents that Amgen purports to grant pursuant to this Agreement.

(b) Amgen has the rights necessary to grant the licenses to Xencor under Amgen Know-How that Amgen purports to grant pursuant to this Agreement.

(c) No claim or action has been brought or, to Amgen's knowledge, threatened by any Third Party alleging that (i) the Amgen Patents are invalid or unenforceable or (ii) use of the Amgen Technology infringes or misappropriates any right of any Third Party, and no Amgen Patent is the subject of any interference, opposition, cancellation or other protest proceeding to the extent that Xencor's rights under this Agreement could be reasonably expected to be prejudiced thereby.

(d) There are no pending actions, claims, investigations, suits or proceedings against Amgen, at law or in equity, or before or by any Regulatory Authority, and Amgen has not received any written notice regarding any pending or threatened actions, claims, investigations, suits or proceedings against Amgen, at law or in equity, or before or by any Regulatory Authority, in either case with respect to the Amgen Technology.

(e) Notwithstanding Section 10.2(d), no premerger notification filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules promulgated thereunder, in connection with the transaction that is subject to this Agreement.

10.5 Additional Covenants. […***…].

10.6 Disclaimer. Except as expressly set forth in this Agreement, THE TECHNOLOGY AND INTELLECTUAL PROPERTY RIGHTS, AND MATERIALS (IF ANY), PROVIDED BY EACH PARTY HEREUNDER ARE PROVIDED "AS IS" AND EACH PARTY EXPRESSLY
DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES, OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICES, IN ALL CASES WITH RESPECT THERETO. Without limiting the generality of the foregoing, (i) neither party represents or warrants as to the success of any study or test conducted by such party pursuant to this Agreement or the safety or usefulness for any purpose of the technology, right or materials it provides hereunder, or that either party will be

successful in obtaining any patents rights, or that any patents will issue based on a pending application; and (ii) each party specifically disclaims any guarantee that the Products will be successful, in whole or in part.

10.7 Limitation of Liability. EXCEPT FOR LIABILITY FOR BREACH OF […***…] OR ARTICLE 11, NEITHER PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY ANY SPECIAL, INCIDENTAL, LOST PROFITS, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT OR ANY LICENSE GRANTED HEREUNDER; provided, however, that this Section 10.7 shall not be construed to limit either party's indemnification obligations under Article 13.

11. Confidentiality

11.1 Confidential Information. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the parties, the parties agree that, during the Term and for […***…] ([…***…]) years thereafter, the receiving party shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as expressly provided for in this Agreement any Confidential Information furnished to it by the other party pursuant to this Agreement or any Confidential Information developed by the other party hereunder, and both parties shall keep confidential and, subject to Section 11.5, shall not publish or otherwise disclose the terms of this Agreement. Each party may use the other party's Confidential Information only to the extent required to accomplish the purposes of this Agreement (including exercising rights and performing obligations). Each party will use at least the same standard of care as it uses to protect proprietary or confidential information of its own (but no less than reasonable care) to ensure that its employees, agents, consultants, contractors and other representatives do not disclose or make any unauthorized use of the Confidential Information of the other party. Each party will promptly notify the other upon discovery of any unauthorized use or disclosure of the Confidential Information of the other party.

11.2 Exceptions. The obligations of confidentiality and restriction on use under this Article 11 shall not apply to any Confidential Information that: (a) is now, or hereafter becomes, through no act or failure to act on the part of the receiving party, generally known or available to the public; (b) is known by the receiving party or any of its Affiliates at the time of receiving such information, other than by previous disclosure of the disclosing party, or its Affiliates, employees, agents, consultants, or contractors; (c) is hereafter furnished to the receiving party or any of its Affiliates without restriction by a Third Party who is not known by the receiving party to be subject to an obligation of confidentiality or limitations on use with respect thereto, as a matter of right; or (d) is independently discovered or developed by the employees, subcontractors, consultants or agents of the receiving party or any of its Affiliates without the use of Confidential Information belonging to the disclosing party, which the receiving party can prove by competent written evidence.

11.3 Authorized Disclosure. Each party may disclose Confidential Information belonging to the other party as expressly permitted by this Agreement or if and to the extent such disclosure is reasonably necessary in the following instances:

(a) filing, prosecuting, or maintaining Patents as permitted by this Agreement;

(b) regulatory filings for Products that such party has a license or right to develop hereunder in a given country or jurisdiction;

(c) prosecuting or defending litigation as permitted by this Agreement;

(d) complying with applicable law or governmental regulations (including any securities law or regulation or the rules of a securities exchange) or with a court order or legal or administrative proceeding; and

(e) disclosure to Affiliates, Sublicensees, employees, consultants, contractors, agents or other Third Parties in connection with due diligence or similar investigations by such Third Parties (including potential Third Party acquirers (whether through asset or stock purchase or merger)), and disclosure to potential Third Party investors in confidential financing documents, provided, in each case, that any such Affiliate, Sublicensee, employee, consultant, contractor, agent or Third Party agrees to be bound by terms of confidentiality and non-use consistent with those set forth in this Article 11.

Notwithstanding the foregoing, in the event a party is required to make a disclosure of the other party's Confidential Information pursuant to Section 11.3(c) through (d), it will give reasonable advance notice to the other party of such disclosure and use Commercially Reasonable Efforts to secure confidential treatment of such Confidential Information and at least as diligently as such party would use to protect its own confidential information. In any event, the parties agree to take all reasonable action to avoid disclosure of Confidential Information hereunder. Any information disclosed pursuant to Section 11.3(c) through (d) shall still be deemed Confidential Information and subject to the restrictions set forth in this Agreement, including the foregoing provisions of Article 11.

11.4 Publications.

(a) If a party (the **"Publishing Party"**) proposes to publish or present on any results or data on any Product, or use thereof, or, in the case of Amgen as the Publishing Party, any Xencor Technology (excluding publications or presentations which include only a standard source reference to Xencor Technology, consistent with scientific journal publication practices) or, in the case of Xencor as the Publishing Party, any Amgen Technology (excluding publications or presentations which include only a standard source reference to Amgen Technology, consistent with scientific journal publication practices), the other party (the **"Non-Publishing Party"**) shall, in accordance with and to the extent provided in the following clause (b), have the right to review and comment on any material proposed for such publication or presentation by the Publishing Party, such as by oral presentation at scientific conferences or seminars, scientific journal manuscripts or abstracts; provided, however, that Amgen will have the sole right (without Xencor's consent but subject to the review and comment provisions in Section 11.4(b)) to publish and make scientific presentations with respect to Products, and Xencor will not do so without Amgen's prior written consent, except as required by law.

(b) With respect to any such publications or presentation, before any such material is submitted for publication or presentation, the Publishing Party shall deliver a

complete copy of such material to the Non-Publishing Party at least […***…] days prior to the proposed submission for publication or presentation, and the Non-Publishing Party shall use reasonable efforts to give its comments to the Publishing Party as promptly as practicable following delivery of such material; provided, that, if the Non-Publishing Party does not provide comments within […***…] days of its receipt such publication or proposal, it will be deemed to have no comments with respect thereto. The Publishing Party shall (a) give due consideration to any editorial comments received from the Non-Publishing Party, (b) comply with any request from the Non-Publishing Party to delete the Non-Publishing Party's Confidential Information (for this purpose, Pre-Clinical Development Data shall not be considered Xencor Confidential Information) in any such material, and (c) delay any submission for publication or presentation for a period of up to an additional […***…] days for the purpose of preparing and filing appropriate patent applications in accordance with the terms of Article 9 hereof.

(c) Notwithstanding the foregoing, Xencor will not publish any data revealing the Targets, Programs or amino acid sequence of any Compound without Amgen's prior written consent (to be given or withheld in its sole discretion).

11.5 Publicity; Public Disclosures. A joint press release substantially in the form attached hereto as Schedule 11.5 shall be issued by the parties on or following the Effective Date (but in no event later than […***…] business days following the Effective Date). It is understood that each party may desire or be required to issue subsequent press releases or other public statements relating to this Agreement or activities hereunder, and each party agrees not to issue any press release or other public statement disclosing information relating to this Agreement or the transactions contemplated hereby or the terms hereof without the prior return consent of such party, not to be unreasonably withheld, conditioned or delayed; provided, that, no such consent shall be required with respect to the publication of materials or information that have been previously disclosed. The parties agree to consult with each other reasonably and in good faith with respect to the text and timing of such press release or public statement; provided, however, that the issuing party will provide the reviewing party with a copy of the proposed press release or public statement within a reasonable time prior to issuance thereof and the parties will consult and work in good faith to prepare a mutually acceptable press release. Notwithstanding the foregoing (but subject to the parties' rights to review and comment), either party make such disclosures as required by law based on the advice of counsel (including with respect to the achievement of a Milestone and the amount of, and receipt of, any Milestone Payment). The parties will consult with each other on the provisions of this Agreement to be redacted in any filings made by a party with the SEC or as otherwise required by law. In addition, following the initial press release announcing this Agreement, either party shall be free to disclose, without the other party's prior written consent, the existence of this Agreement, the identity of the other party and those terms of the Agreement which have already been publicly disclosed in accordance herewith.

11.6 Prior Non-Disclosure Agreement. As of the Effective Date, the terms of this Article 11 shall supersede any prior non-disclosure, secrecy or confidentiality agreement between the parties (or their Affiliates) dealing with the subject of this Agreement, including the Nondisclosure Agreement. Any information disclosed pursuant to any such prior agreement shall be deemed Confidential Information of the applicable party for purposes of this Agreement.

11.7 Equitable Relief. Given the nature of the Confidential Information and the competitive damage that a party may suffer upon unauthorized disclosure, use or transfer of its Confidential Information to any Third Party, the parties agree that monetary damages may not be a sufficient remedy for any breach of this Article 11. In addition to all other remedies, a party shall be entitled to specific performance and injunctive and other equitable relief as a remedy for any breach or threatened breach of this Article 11 without the need to post any bond.

11.8 Attorney-Client Privilege. Neither party is waiving, nor will be deemed to have waived or diminished, any of its attorney work product protections, attorney-client privileges or similar protections and privileges recognized under the applicable law of any jurisdiction as a result of disclosing information pursuant to this Agreement, or any of its Confidential Information (including Confidential Information related to pending or threatened litigation) to the receiving party, regardless of whether the disclosing party has asserted, or is or may be entitled to assert, such privileges and protections. The parties may become joint defendants in proceedings to which the information covered by such protections and privileges relates and may determine that they share a common legal interest in disclosure between them that is subject to such privileges and protections, and in such event, may enter into a joint defense agreement setting forth, among other things, the foregoing principles, but are not obligated to do so.

12. Term and Termination

12.1 Term. This Agreement shall commence on the Effective Date, and unless terminated earlier as provided in this Article 12 or by mutual written agreement of the parties, shall continue, on a Program-by-Program basis, until the expiration of all royalty payment obligations with respect to such Program under this Agreement (the **"Term"**).

12.2 Termination for Cause. Each party shall have the right to terminate this Agreement either on a Program-by-Program basis or in full, upon […***…] days' ([…***…] days' for any payment default) prior written notice to the other party upon the occurrence of any of the following:

(a) upon or after the bankruptcy, insolvency, dissolution or winding up of the other party (other than a dissolution or winding up for the purpose of reconstruction or amalgamation); or

(b) after the material breach of this Agreement by the other party if the breaching party has not cured such breach within the […***…]-day period ([…***…]-day period for any payment default) following written notice of termination by the non-breaching party.

12.3 Individual Party Termination Rights.

(a) Amgen shall have the right to terminate this Agreement in its entirety or on a Program-by-Program basis at any time and for any reason or for no reason upon delivery of at least (i) […***…] days' prior written notice to Xencor in the case of any Program with respect to which a First Commercial Sale of a Product has not occurred (or this Agreement in its

entirety if no First Commercial Sale has occurred with respect to any Program), and (ii) […***…] days' prior written notice to Xencor in the case of any Program with respect to which a First Commercial Sale of a Product has occurred (or this Agreement in its entirety if a First Commercial Sale has occurred with respect to any Program).

(b) Xencor shall have the right to terminate this Agreement upon written notice to Amgen if (i) Amgen or any of its Affiliates directly, or indirectly through any Third Party, commences any opposition proceeding, post-grant review, inter partes review or ex parte reexamination or Third Party submissions or submits observations with respect to, challenges the validity or enforceability of, or opposes any extension of or the grant of a supplementary protection certificate with respect to, any Xencor Patent or (ii) any Sublicensee directly, or indirectly through any Third Party, commences any opposition proceeding, post-grant review, inter partes review or ex parte reexamination or Third Party submissions or submits observations with respect to, challenges the validity or enforceability of, or opposes any extension of or the grant of a supplementary protection certificate with respect to, any Xencor Patent, and (A) Amgen does not cause such Sublicensee to withdraw such action or (B) Amgen does not terminate the sublicense agreement with such Sublicensee, in each case, within 10 days of Amgen receiving from Xencor written notice of any such action being taken by such Sublicensee. Notwithstanding the foregoing, Xencor shall have no such right to terminate this Agreement in the case of (I) any claim made by Amgen or any of its Affiliates or Sublicensees as a defense in any lawsuit or administrative proceeding brought by Xencor; or (II) any lawsuit, reexamination proceeding or opposition brought by Amgen or any of its Affiliates or Sublicensees challenging the validity or enforceability of any Patent Controlled by Xencor that is not included in the Xencor Technology.

12.4 Effect of Expiration or Termination; Surviving Obligations.

(a) **Effect of Expiration.** Upon expiration of this Agreement in accordance with Section 12.1, and provided that Amgen has paid all undisputed payments payable under this Agreement, the licenses granted by Xencor to Amgen shall become non-exclusive and survive on a fully-paid, irrevocable, perpetual basis, and all other rights and obligations of the parties under this Agreement shall terminate, except as provided elsewhere in this Section 12.4.

(b) **Effect of Termination.** Upon any termination of this Agreement, the following provisions shall apply (subject to Section 12.4(d)); provided, that, to the extent this Agreement is terminated with respect to only a certain Program, then the remainder of this Section 12.4(b) shall only apply to the terminated Program and the Products from such Program:

(i) all licenses granted by Xencor to Amgen with respect to the terminated Program(s) and the Products from such Program(s) shall automatically terminate and all other rights and obligations of the parties under this Agreement shall terminate, except as provided elsewhere in this Section 12.4(b), and following such termination, Amgen shall have no further obligation pursuant to Section 4.1(b) to develop and commercialize Products from such Program(s);

(ii) subject to Xencor's consent, any sublicenses granted by Amgen pursuant to Section 5.3 with respect to the terminated Program(s) and the Products from such

Program(s) shall remain in effect and become direct licenses from Xencor subject to the terms and conditions of the applicable sublicense agreement; provided, that the relevant Sublicensee is in good standing under this Agreement and the applicable sublicense agreement; and

(iii) solely with respect to the termination, if any, of the Xencor Program:

(1) […***…];

(2) […***…];

(3) […***…];

(4) […***…]

(5) […***…];

(6) […***…];

(7) […***…];

(8) […***…]

(9) […***…].

For clarity, the foregoing sub-clause (iii) shall only apply in the event that the terminated Program is the Xencor Program.

(c) **Confidential Information and Material.** Upon expiration or termination of this Agreement in its entirety, except to the extent that a party retains a license from the other party as provided in this Section 12.4, each party shall promptly, upon request of the other party, delete or destroy, all Material and relevant records and materials in such party's possession or control containing Confidential Information of the other party; provided that such party may keep one copy of such records and materials for legal archival purposes only subject to continuing confidentiality obligations in accordance with Article 11. Notwithstanding the foregoing, in the event that this Agreement is terminated with respect to only a certain Program, then the obligations of return under this Section 0 shall only apply with respect to such terminated Program and the Products from such Program.

(d) **Survival.** Expiration or termination of this Agreement shall not relieve the parties of any obligation or right accruing prior to such expiration or termination. In addition to any provisions expressly set forth herein, the provisions set forth below shall survive expiration or termination of this Agreement:

Article 1 – Definitions
Section 3.5 – Materials

Section 0 – Taxes (with respect to sales of Products made before such expiration or termination)
Section 8.4 – Records; Audit (with respect to sales of Products made before such expiration or termination)
Section 8.5 – Late Payments (with respect to sales made before such expiration or termination)
Section 9.1 – Ownership of Intellectual Property
Section 9.2(a) and (b) – Patent Prosecution and Maintenance
Sections 9.4 (a), (b), (e) and (f) – Infringement and Misappropriation by Third Parties (with respect to actions initiated prior to such expiration or termination)
Section 10.5– Additional Covenants
Section 10.6 – Disclaimer
Section 10.7 – Limitation of Liability
Article 11 – Confidentiality
Section 12.4 – Effect of Termination; Surviving Obligations
Section 12.5 – Exercise of Right to Terminate
Section 12.6 – Damages; Relief
Section 12.7 – Rights in Bankruptcy
Article 13 – Indemnification
Article 14 – Dispute Resolution
Article 15 – General Provisions

All other rights and obligations with terminate upon expiration or termination of this Agreement.

12.5 Exercise of Right to Terminate. The use by either party hereto of a termination right provided for under this Agreement shall not give rise to the payment of damages or any other form of compensation or relief to the other party with respect thereto; provided, however, that termination of this Agreement shall not preclude either party from claiming any other damages, compensation or relief at law or in equity that it may be entitled to upon such termination.

12.6 Damages; Relief. Subject to Section 12.5, termination of this Agreement shall not preclude either party from claiming any other damages, compensation or relief at law or in equity that it may be entitled to upon such termination.

12.7 Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by one party to the other party are, and will otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, licenses of rights to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The parties agree that a party that is a licensee of such rights under this Agreement will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a party to this Agreement under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, the other party will be

entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and the same will, if not already in its possession, be promptly delivered to it (a) upon any such commencement of a bankruptcy or insolvency proceeding upon its written request therefor, unless the bankrupt party elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under (a) above, following the rejection of this Agreement by or on behalf of the bankrupt party upon written request therefor by the other party.

13. Indemnification

13.1 Indemnification by Xencor. Xencor hereby agrees to save, defend and hold Amgen and its Affiliates and its and their respective directors, officers, employees and agents (each, a **"Amgen Indemnitee"**) harmless from and against any and all liabilities, expenses and losses, including reasonable legal expenses and attorneys' fees (collectively, **"Losses"**), to which any Amgen Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party to the extent such Losses arise directly or indirectly out of: (a) the performance by or on behalf of Xencor or its Affiliates or Sublicensees of Xencor's obligations under the Research Plan, (b) the gross negligence or willful misconduct of Xencor or any of its Affiliates, Sublicensees or subcontractors in performing under this Agreement, or (c) the breach by Xencor of any warranty, representation, covenant or agreement made by Xencor in this Agreement; except, in each case, to the extent such Losses result from clause (a), (b) or (c) of Section 13.2.

13.2 Indemnification by Amgen. Amgen hereby agrees to save, defend and hold Xencor, its Affiliates, its licensees and their respective directors, officers, employees and agents (each, a **"Xencor Indemnitee"**) harmless from and against any and all Losses to which any Xencor Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party to the extent such Losses arise directly or indirectly out of: (a) the development, manufacture, use, handling, storage, sale or other disposition of any Product by or on behalf of Amgen or its Affiliates or Sublicensees, (b) the gross negligence or willful misconduct of Amgen or any of its Affiliates, Sublicensees or subcontractors in performing under this Agreement, or (c) the breach by Amgen of any warranty, representation, covenant or agreement made by Amgen in this Agreement; except, in each case, to the extent such Losses result from clause (a), (b) or (c) or Section 13.1.

13.3 Control of Defense. Any entity entitled to indemnification under this Article 13 shall give notice to the indemnifying party of any Losses that may be subject to indemnification, promptly after learning of such Losses (provided, however, that any failure or delay to notify shall not excuse any obligation of the indemnifying party except to the extent such party is actually prejudiced thereby), and the indemnifying party shall assume (and have control over) the defense of such Losses with counsel reasonably satisfactory to the indemnified party and the indemnified party shall reasonably cooperate (at the indemnifying party's reasonable expense). If such defense is assumed by the indemnifying party with counsel so selected, the indemnifying party will not settle any claim with respect to such Losses without the indemnified party's prior written consent (but such consent will not be unreasonably withheld or delayed), and will not be obligated to pay the fees and expenses of any separate counsel retained by the indemnified party with respect to such Losses. For clarity, the indemnified party may

freely withhold its consent to a settlement of a claim with respect to Losses if (i) such settlement does not include a complete release from liability of the indemnified party or if such settlement would involve undertaking an obligation (including the payment of money by an indemnified party), (ii) would bind or impair the indemnified party or (iii) includes any admission of wrongdoing or that any intellectual property or proprietary right of the indemnified party or this Agreement is invalid, narrowed in scope or unenforceable. The Indemnified Party shall not settle or compromise any claim for which it is entitled to indemnification without the prior written consent of the Indemnifying Party, unless the Indemnifying Party is in breach of its obligation to defend hereunder.

13.4 Insurance. Each party, at its own expense, shall maintain product liability and other appropriate insurance (or self-insure sufficiently to provide materially the same level and type of protection) in an amount consistent with sound business practice and adequate in light of its obligations under this Agreement during the Term. Each party shall provide a certificate of insurance (or evidence of self-insurance) evidencing such coverage to the other party upon request. Such insurance will not create a limit to either party's liability hereunder.

14. Dispute Resolution

14.1 Disputes. Upon the written request of either party to the other party, any claim, dispute, or controversy as to the breach, enforcement, interpretation or validity of this Agreement (other than any dispute the resolution of which is within the express authority of the JRC), including any action or claim based on tort, contract, or statute, or concerning the interpretation, effect, termination, validity, performance and/or breach of this Agreement (each, a **"Dispute Claim"**), will be referred to the Chief Executive Officer of Xencor and a designated official of Amgen (who shall be a Vice President or higher with authority to resolve such matter), for resolution. In the event the two individuals referred to in the preceding sentence are unable to resolve such dispute within […***…] days after the initial written request, then, upon the written demand of either Party, the Dispute Claim shall be subject to arbitration, as provided in Section 14.2.

14.2 Arbitration.

(a) If the parties are unable to resolve such dispute through the negotiations described in Section 14.1, then, except in the case of a dispute, controversy or claim that concerns (a) the validity or infringement of a patent, trademark or copyright, or (b) any antitrust, anti-monopoly or competition law or regulation, whether or not statutory, the dispute shall be resolved by expedited binding arbitration before a panel of three independent and neutral experienced arbitrators, one chosen by Xencor, one chosen by Amgen and the third chosen by the foregoing two arbitrators. Each party shall select its arbitrator within […***…] days of one party notifying the other party that it is exercising its rights under this Section 14.2, and the two arbitrators shall select the third arbitrator within […***…] days of their selection. Any such arbitration proceeding shall be administered by […***…], in accordance with its then current rules governing commercial disputes and the place of arbitration shall be Los Angeles,

California; provided, that, such rules shall be modified by this Section 14.2, to the extent any such modifications are necessary.

(b) Any arbitration shall be conducted in the English language and applicable arbitration association shall use California as the governing law for this Agreement and the parties' obligations hereunder in accordance with Section 14.1. Within […***…] days after the arbitrators are selected, the parties will each submit to the arbitrators, and to one another, a written statement of their respective positions regarding the alleged dispute. The parties will also provide the arbitrators a copy of this Agreement, as may be amended at such time. Each party will have […***…] days from receipt of the other party's submission to provide to the arbitrator a written response thereto. Neither party may have any communication (either written or oral) with the arbitrators other than for the sole purpose of engaging the arbitrator at the outset or as expressly permitted in this Section 14.2; provided, that the arbitrator will have the right to meet with the parties, either alone or together, as necessary in the arbitrator's opinion to make a determination. Based on the materials submitted, the arbitrators will determine whether any discovery process is necessary, and, if it is, the parameters of such process with the intent of resolving the arbitration as expeditiously as possible (e.g., limiting the number of depositions and the time discovery is permitted to take). The parties and arbitrators shall employ procedures designed to resolve the conflict by arbitration within […***…] […***…] of the dispute being referred for arbitration.

(c) The arbitrator(s) shall have no authority to award punitive or any other type of damages not measured by a party's compensatory damages and the arbitrator(s) shall have no authority to grant any award or remedy other than such awards or remedies that are available under the applicable law. Except to the extent necessary to confirm or enforce an award or as may be required by law, neither a party nor any arbitrator may disclose the existence, content, or results of an arbitration without the prior written consent of both Xencor and Amgen. In no event shall arbitration be initiated after the date when commencement of a legal or equitable proceeding based on the dispute, controversy or claim would be barred by the applicable California statute of limitations.

(d) Each party shall bear its own attorneys' fees, costs and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the arbitrators; provided, however, that the arbitrators shall be authorized to determine whether a party is the prevailing party, and if so, to award to that prevailing party reimbursement for its reasonable attorneys' fees, costs and disbursements (including, for example, expert witness fees and expenses, photocopy charges, travel expenses, etc.) or the fees and costs of the arbitrators. Each party agrees to fully perform and satisfy any arbitration award made against it within […***…] days of the service of the award.

(e) By agreeing to this binding arbitration provision, the parties understand that they are waiving certain rights and protections which may otherwise be available if a dispute between the parties were determined by litigation in court, including the right to seek or obtain certain types of damages precluded by this provision, the right to a jury trial, certain rights of appeal and a right to invoke formal rules of procedure and evidence.

14.3 Court Actions. Nothing contained in this Agreement shall deny either Party the right to seek injunctive or other equitable relief from a court of competent jurisdiction in the context of a bona fide emergency or prospective irreparable harm, and such an action may be filed and maintained notwithstanding any ongoing discussions between the Parties or any ongoing arbitration proceeding. In addition, either Party may bring an action in any court of competent jurisdiction to resolve disputes pertaining to the validity, construction, scope, enforceability, infringement or other violations of Patents or other intellectual property rights, and no such claim shall be subject to arbitration pursuant to Section 14.2.

15. General Provisions

15.1 Governing Law; Jurisdiction. This Agreement, and all questions regarding the existence, validity, interpretation, breach or performance of this Agreement, shall be governed by, and construed and enforced in accordance with, the laws of the State of California, United States, without reference to its conflicts of law principles. The United Nations Conventions on Contracts for the International Sale of Goods shall not be applicable to this Agreement.

15.2 Entire Agreement; Modification. This Agreement (including the Schedules attached hereto) constitutes a complete and exclusive statement with respect to all of its terms. This Agreement (including the Schedules attached hereto) supersedes all prior and contemporaneous agreements and communications, whether oral, written or otherwise, concerning any and all matters contained herein. This Agreement may only be modified or supplemented in a writing expressly stated for such purpose and signed by the parties.

15.3 Relationship Between the Parties. The parties' relationship, as established by this Agreement, is solely that of independent contractors. This Agreement does not create any partnership, joint venture or similar business relationship between the parties. Neither party is a legal representative of the other party, and neither party can assume or create any obligation, representation, warranty or guarantee, express or implied, on behalf of the other party for any purpose whatsoever. For clarity, the parties acknowledge and agree that their activities hereunder will not create a partnership for tax purposes.

15.4 Non-Waiver. The failure of a party to insist upon strict performance of any provision of this Agreement or to exercise any right arising out of this Agreement shall neither impair that provision or right nor constitute a waiver of that provision or right, in whole or in part, in that instance or in any other instance. Any waiver by a party of a particular provision or right shall be in writing, shall be as to a particular matter and, if applicable, for a particular period of time and shall be signed by such party.

15.5 Assignment. Except as expressly provided hereunder, neither this Agreement nor any rights or obligations hereunder may be assigned or otherwise transferred by either party without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that either party may assign or otherwise transfer this Agreement and its rights and obligations hereunder without the other party's consent:

(a) in connection with the transfer or sale of all or substantially all of the business or assets of such party relating to the subject matter of this Agreement to a Third Party,

whether by merger, consolidation, divesture, restructure, sale of stock, sale of assets or otherwise (a **"Sale Transaction"**); or

(b) to an Affiliate, provided that the assigning party shall remain liable and responsible to the non-assigning party hereto for the performance and observance of all such duties and obligations by such Affiliate.

The rights and obligations of the parties under this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties specified above, and the name of a party appearing herein will be deemed to include the name of such party's successors and permitted assigns to the extent necessary to carry out the intent of this Section 15.5. Any assignment not in accordance with this Agreement shall be void.

15.6 Sale Transaction or Amgen Acquisition. […***…]

15.7 Change of Control. Xencor shall give Amgen written notice within […***…] of any Change of Control of Xencor. Upon such notice, Amgen shall have the right to (i) transfer some or all of the Research Program activities from Xencor to Amgen, upon written notice by Amgen and (ii) may exclude Xencor (following such Change of Control) from participation in whole or in part from the JRC or any other governance committees or working teams; provided, that the parties shall work together in good faith to establish an appropriate process by which Xencor (or its successor) can stay reasonably informed regarding, and comment on, the progress of the Research Program.

15.8 No Third Party Beneficiaries. This Agreement is neither expressly nor impliedly made for the benefit of any party other than the parties and their successors and permitted assigns, except for the persons expressly entitled to indemnification as provided in Article 13 and only in accordance with the terms of such Article 13.

15.9 Severability. If, for any reason, any part of this Agreement is adjudicated invalid, unenforceable or illegal by a court of competent jurisdiction, such adjudication shall not, to the extent feasible, affect or impair, in whole or in part, the validity, enforceability, or legality of any remaining portions of this Agreement. All remaining portions shall remain in full force and effect as if the original Agreement had been executed without the invalidated, unenforceable or illegal part.

15.10 Notices. Any notice to be given under this Agreement must be in writing and delivered either in person, by (a) air mail (postage prepaid) requiring return receipt, (b) overnight courier, or (c) email or facsimile confirmed thereafter by any of the foregoing, to the party to be notified at its address(es) given below, or at any address such party may designate by prior written notice to the other in accordance with this Section 15.10. Notice shall be deemed sufficiently given for all purposes upon the earliest of: (i) the date of actual receipt; (ii) if air mailed, […***…] days after the date of postmark; (iii) if delivered by overnight courier, the next day the overnight courier regularly makes deliveries; or (iv) if emailed or sent by facsimile, the date of confirmation of receipt if during the recipient's normal business hours, otherwise the next day.

If to Amgen, notices must be addressed to:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320
Attention: Corporate Secretary
Facsimile: […***…]

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

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320
Attention: Senior Vice President, Business Development
Facsimile: […***…]

If to Xencor, notices must be addressed to:

Xencor, Inc.
111 West Lemon Avenue
Monrovia, CA 91016
Attention: Chief Executive Officer
Facsimile: […***…]

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

Xencor, Inc.
111 West Lemon Avenue
Monrovia, CA 91016
Attention: General Counsel
Facsimile: […***…]

15.11 Force Majeure. Each party shall be excused from liability for the failure or delay in performance of any obligation under this Agreement (other than failure to make payment when due) by reason of any event beyond such party's reasonable control including acts of God, fire, flood, explosion, earthquake, pandemic flu, or other natural forces, war, civil unrest, acts of terrorism, accident, destruction or other casualty or any other event similar to those enumerated above. Such excuse from liability shall be effective only to the extent and duration of the event(s) causing the failure or delay in performance and provided that the party has not caused such event(s) to occur. Notice of a party's failure or delay in performance due to force majeure must be given to the other party within […***…] days after its occurrence. All delivery dates under this Agreement that have been affected by force majeure shall be tolled for the duration of

such force majeure. In no event shall any party be required to prevent or settle any labor disturbance or dispute.

15.12 Interpretation. The headings of clauses contained in this Agreement preceding the text of the sections, subsections and paragraphs hereof are inserted solely for convenience and ease of reference only and shall not constitute any part of this Agreement, or have any effect on its interpretation or construction. All references in this Agreement to the singular shall include the plural where applicable. Unless otherwise specified, references in this Agreement to any Article shall include all Sections, subsections and paragraphs in such Article, references to any Section shall include all subsections and paragraphs in such Section, and references in this Agreement to any subsection shall include all paragraphs in such subsection. The word "including" and similar words means including without limitation. The word "or" means "and/or" unless the context dictates otherwise because the subject of the conjunction are mutually exclusive. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision. All references to days in this Agreement shall mean calendar days, unless otherwise specified. Ambiguities and uncertainties in this Agreement, if any, shall not be interpreted against either party, irrespective of which party may be deemed to have caused the ambiguity or uncertainty to exist. This Agreement has been prepared in the English language and the English language shall control its interpretation. In addition, all notices required or permitted to be given hereunder, and all written, electronic, oral or other communications between the parties regarding this Agreement shall be in the English language.

15.13 Counterparts; Electronic or Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may be executed and delivered electronically or by facsimile and upon such delivery such electronic or facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

15.14 Schedules. All schedules referred to in this Agreement are attached hereto and incorporated herein by this reference.

[Signature Page Follows]

In Witness Whereof, the parties hereto have caused this **Research and License Agreement** to be executed and entered into by their duly authorized representatives as of the Effective Date.

XENCOR, INC.

By: _/s/ Bassil Dahiyat_____

Name: Bassil Dahiyat

Title: Chief Executive Officer

AMGEN INC.

By: __/s/ Robert A. Bradway_____

Name: Robert A. Bradway

Title: Chief Executive Officer

Schedule 1.59 - Research Plan

[…***…]

Schedule 10.3

[…***…]

[…***…]

CONFIDENTIAL
EXECUTION VERSION

News Release

AMGEN AND XENCOR ANNOUNCE STRATEGIC COLLABORATION IN CANCER IMMUNOTHERAPY AND INFLAMMATION

Combines Amgen's Proprietary Antibodies and Xencor's XmAb® Bispecific Antibody Platform to Develop New Therapeutic Candidates

Includes Xencor's Pre-Clinical CD38 Bispecific T Cell Engager for Multiple Myeloma

Xencor to Receive $45 Million Upfront Payment and Up To $1.7 Billion in Clinical, Regulatory and Sales Milestone Payments in Total for Six Programs

THOUSAND OAKS, Calif. and MONROVIA, Calif. (Sept. XX, 2015) – Amgen (NASDAQ:AMGN) and Xencor, Inc. (Xencor) (NASDAQ:XNCR) announced today that the two companies have entered into a research and license agreement to develop and commercialize novel therapeutics in the areas of cancer immunotherapy and inflammation. The research collaboration brings together Amgen's capabilities in target discovery and protein therapeutics with Xencor's XmAb® bispecific technology platform.

The collaboration includes molecular engineering by Xencor and the pre-clinical development of bispecific molecules for five programs proposed by Amgen, leveraging XmAb bispecific Fc domains to make half-life extended T cell engagers and dual targeting bispecific antibodies. The agreement also includes a preclinical bispecific T cell engager program directed at CD38 and CD3 for multiple myeloma.

Amgen will be fully responsible for pre-clinical and clinical development and commercialization worldwide. Under the terms of the agreement, Xencor will receive a $45 million upfront payment and up

to $1.7 billion in clinical, regulatory and sales milestone payments in total for the six programs. Xencor is eligible to receive mid to high single-digit royalties for candidates directed against Amgen's targets, and high single to low double-digit royalties for Xencor's CD38 bispecific T cell engager.

"We are pleased to be joining forces with Xencor to expand our immuno-oncology and inflammation position by leveraging Amgen's antibodies and Xencor's bispecific antibody platform," said Sean E. Harper, M.D., executive vice president of Research and Development at Amgen. "We are especially excited about the T cell engaging bispecific antibody directed against CD38, which complements Amgen's BiTE® platform, while growing our hematology and oncology
portfolio that includes two bispecific T cell engager antibodies, BLINCYTO® (blinatumomab) and AMG 330, as well as Kyprolis® (carfilzomib) for relapsed multiple myeloma."

Bispecific technologies seek to engineer monoclonal antibodies to bind two unique drug targets, as opposed to traditional antibodies designed to bind to a single antigen target. This approach represents a powerful opportunity in immuno-oncology to simultaneously engage immune cells and tumor cells to localize anti-tumor immune activity where it is needed most.

"Amgen, which has pioneered the use of bispecific antibodies, has chosen to access our XmAb bispecific technology for its robustness, long half-life, and the plug and play ease-of-development of our platform," said Bassil Dahiyat, Ph.D., president and chief executive officer of Xencor. "This opportunity expands the reach of our technology with a partner that has proven experience in bispecifics and immuno-oncology. Xencor will continue to focus on its internal programs including its immuno-oncology XmAb bispecifics, XmAb14045 in acute myeloid leukemia and XmAb13676 in B-cell malignancies, which are expected to enter clinical development in 2016."

About Xencor's XmAb® Bispecific Technology

As opposed to traditional monoclonal antibodies that target and bind to a single antigen, bispecific antibodies are designed to elicit multiple biological effects that require simultaneous binding to two different antigen targets. Xencor's XmAb bispecific Fc domain technology is designed to maintain full-length antibody properties in a bispecific antibody, potentially enabling favorable in vivo half-life and simplified manufacturing.

Efforts at bispecific antibody design are typically frustrated by poor molecular stability, difficulties in production and short in vivo half-life. Xencor has engineered a series of Fc domain variants that spontaneously form stable, heterodimeric bispecific antibodies and that can be made and purified with standard antibody production methods. These bispecific Fc domains are used to generate a broad array of novel drug candidates in a range of molecule formats.

Xencor's initial bispecific programs are tumor-targeted antibodies that contain both a tumor antigen binding domain and a cytotoxic T-cell binding domain (CD3 binding domain). These bispecific antibodies activate T cells at the site of the tumor for highly potent killing of malignant cells. The XmAb Fc domain format allows Xencor to tune the potency of the T-cell killing, potentially improving the

tolerability of tumor immunotherapy. Xencor plans to begin clinical testing for two internal programs, XmAb14045 and XmAb13676, in 2016.

About Xencor Inc.

Xencor is a clinical-stage biopharmaceutical company developing engineered monoclonal antibodies for the treatment of asthma and allergic diseases, autoimmune diseases and cancer. Currently, eight candidates that have been engineered with Xencor's XmAb® technology are in clinical development internally and with partners. Xencor's internally-discovered programs include: XmAb5871, which completed a Phase 1b/2a clinical trial for the treatment of rheumatoid arthritis and is in preparation for a clinical trial in IgG4-related disease in 2015; XmAb7195 in Phase 1a development for the treatment of asthma; and XmAb5574/MOR208 which has been licensed to Morphosys AG and is in Phase 2 clinical trials for the treatment of acute lymphoblastic leukemia and non-Hodgkin's lymphoma. Xencor's XmAb antibody engineering technology enables small changes to the structure of monoclonal antibodies resulting in new mechanisms of therapeutic action. Xencor partners include Merck, Janssen R&D LLC, Alexion, Novo Nordisk and Boehringer Ingelheim. For more information, please visit www.xencor.com.

About Amgen's Immuno-Oncology Focused Partnerships

Amgen's recent immuno-oncology focused partnerships include:

- A collaboration with Merck on developing talimogene laherparepvec and KEYTRUDA® (pembrolizumab) in melanoma and small cell cancer of the head and neck.
- A strategic research collaboration and license agreement to develop and commercialize the next generation of novel Chimeric Antigen Receptor (CAR) T cell immunotherapies with Kite Pharma.
- A research collaborative agreement focusing on Amgen's bispecific T cell engager (BiTE®) antibody constructs with MD Anderson's Moon Shots Program.
- A collaboration with Roche on a cancer immunotherapy study with investigational medicines talimogene laherparepvec and atezolizumab.

About Kyprolis® (carfilzomib) for Injection

Kyprolis® (carfilzomib) for Injection is indicated in combination with lenalidomide and dexamethasone for the treatment of patients with multiple myeloma who have received one to three prior lines of therapy.

Kyprolis is also indicated under FDA accelerated approval as a single agent for the treatment of patients with multiple myeloma who have received at least two prior therapies including bortezomib and an immunomodulatory agent and have demonstrated disease progression on or within 60 days of completion of the last therapy. Approval is based on response rate. Clinical benefit, such as improvement in survival or symptoms, has not been verified.

Kyprolis is a product of Onyx Pharmaceuticals, Inc. Onyx Pharmaceuticals is a subsidiary of Amgen and holds development and commercialization rights to Kyprolis globally, excluding Japan. Kyprolis is also

approved for use in Argentina, Israel, Mexico and Thailand. For more information about Kyprolis, visit www.kyprolis.com

Important Safety Information Regarding Kyprolis® (carfilzomib) for Injection

WARNINGS AND PRECAUTIONS
Cardiac Toxicities:
New onset or worsening of pre-existing cardiac failure (e.g., congestive heart failure, pulmonary edema, decreased ejection fraction), restrictive cardiomyopathy, myocardial ischemia, and myocardial infarction including fatalities have occurred following administration of Kyprolis. In clinical studies with Kyprolis, these events typically occurred early in the course of Kyprolis therapy (< 5 cycles). Death due to cardiac arrest has occurred within a day of Kyprolis administration. Withhold Kyprolis for Grade 3 or 4 cardiac adverse events until recovery, and consider whether to restart Kyprolis at 1 dose level reduction based on a benefit/risk assessment. While adequate hydration is required prior to each dose in Cycle 1, all patients should also be monitored for evidence of volume overload, especially patients at risk for cardiac failure. Adjust total fluid intake as clinically appropriate in patients with baseline cardiac failure or who are at risk for cardiac failure. In patients ≥ 75 years of age, the risk of cardiac failure is increased. Patients with New York Heart Association Class III and IV heart failure, recent myocardial infarction, and conduction abnormalities uncontrolled by medications were not eligible for the clinical trials. These patients may be at greater risk for cardiac complications.

Acute Renal Failure:

Cases of acute renal failure have occurred in patients receiving Kyprolis. Renal insufficiency adverse events (renal impairment, acute renal failure, renal failure) have occurred with an incidence of approximately 8% in a randomized controlled trial. Acute renal failure was reported more frequently in patients with advanced relapsed and refractory multiple myeloma who received Kyprolis monotherapy. This risk was greater in patients with a baseline reduced estimated creatinine clearance (calculated using Cockcroft and Gault equation). Monitor renal function with regular measurement of the serum creatinine and/or estimated creatinine clearance. Reduce or withhold dose as appropriate.

Tumor Lysis Syndrome:
Cases of tumor lysis syndrome (TLS), including fatal outcomes, have been reported in patients who received Kyprolis. Patients with multiple myeloma and a high tumor burden should be considered to be at greater risk for TLS. Ensure that patients are well hydrated before administration of Kyprolis in Cycle 1, and in subsequent cycles as needed. Consider uric acid lowering drugs in patients at risk for TLS. Monitor for evidence of TLS during treatment and manage promptly including interruption of Kyprolis until TLS is resolved.

Pulmonary Toxicity:
Acute Respiratory Distress Syndrome (ARDS), acute respiratory failure, and acute diffuse infiltrative pulmonary disease such as pneumonitis and interstitial lung disease have occurred in less than 1% of patients receiving Kyprolis. Some events have been fatal. In the event of drug-induced pulmonary toxicity, discontinue Kyprolis.

Pulmonary Hypertension:
Pulmonary arterial hypertension (PAH) was reported in approximately 1% of patients treated with Kyprolis and was Grade 3 or greater in less than 1% of patients. Evaluate with cardiac imaging and/or other tests as indicated. Withhold Kyprolis for pulmonary 11 hypertension until resolved or returned to baseline and consider whether to restart Kyprolis based on a benefit/risk assessment.

Dyspnea:
Dyspnea was reported in 28% of patients treated with Kyprolis and was Grade 3 or greater in 4 % of patients. Evaluate dyspnea to exclude cardiopulmonary conditions including cardiac failure and pulmonary syndromes. Stop Kyprolis for Grade 3 or 4 dyspnea until resolved or returned to baseline. Consider whether to restart Kyprolis based on a benefit/risk assessment.

Hypertension:
Hypertension, including hypertensive crisis and hypertensive emergency, has been observed with Kyprolis. Some of these events have been fatal. Monitor blood pressure regularly in all patients. If hypertension cannot be adequately controlled, withhold Kyprolis and evaluate. Consider whether to restart Kyprolis based on a benefit/risk assessment.

Venous Thrombosis:
Venous thromboembolic events (including deep venous thrombosis and pulmonary embolism) have been observed with Kyprolis. In the combination study, the incidence of venous thromboembolic events in the first 12 cycles was 13% in the Kyprolis combination arm versus 6% in the control arm. With Kyprolis monotherapy, the incidence of venous thromboembolic events was 2%. Thromboprophylaxis is recommended and should be based on an assessment of the patient's underlying risks, treatment regimen, and clinical status.

Infusion Reactions:
Infusion reactions, including life-threatening reactions, have occurred in patients receiving Kyprolis. Symptoms include fever, chills, arthralgia, myalgia, facial flushing, facial edema, vomiting, weakness, shortness of breath, hypotension, syncope, chest tightness, or angina. These reactions can occur immediately following or up to 24 hours after administration of Kyprolis. Administer dexamethasone prior to Kyprolis to reduce the incidence and severity 12 of infusion reactions. Inform patients of the risk and of symptoms and to contact a physician immediately if symptoms of an infusion reaction occur.

Thrombocytopenia:
Kyprolis causes thrombocytopenia with platelet nadirs observed between Day 8 and Day 15 of each 28-day cycle with recovery to baseline platelet count usually by the start of the next cycle. Thrombocytopenia was reported in approximately 40% of patients in clinical trials with Kyprolis. Monitor platelet counts frequently during treatment with Kyprolis. Reduce or withhold dose as appropriate.

Hepatic Toxicity and Hepatic Failure:
Cases of hepatic failure, including fatal cases, have been reported (< 1%) during treatment with Kyprolis. Kyprolis can cause increased serum transaminases. Monitor liver enzymes regularly. Reduce or withhold dose as appropriate.

Thrombotic Thrombocytopenic Purpura/Hemolytic Uremic Syndrome:
Cases of thrombotic thrombocytopenic purpura/hemolytic uremic syndrome (TTP/HUS) including fatal outcome have been reported in patients who received Kyprolis. Monitor for signs and symptoms of TTP/HUS. If the diagnosis is suspected, stop Kyprolis and evaluate. If the diagnosis of TTP/HUS is excluded, Kyprolis may be restarted. The safety of reinitiating Kyprolis therapy in patients previously experiencing TTP/HUS is not known.

Posterior Reversible Encephalopathy Syndrome (PRES):
Cases of PRES have been reported in patients receiving Kyprolis. Posterior reversible encephalopathy syndrome (PRES), formerly termed Reversible Posterior Leukoencephalopathy Syndrome (RPLS), is a

neurological disorder which can present with seizure, headache, lethargy, confusion, blindness, altered consciousness, and other visual and neurological disturbances, along with hypertension, and the diagnosis is confirmed by neuro-radiological imaging (MRI). Discontinue Kyprolis if PRES is suspected and evaluate. The safety of reinitiating Kyprolis therapy in patients previously experiencing PRES is not known.

Embryo-fetal Toxicity:
Kyprolis can cause fetal harm when administered to a pregnant woman based on its mechanism of action and findings in animals. There are no adequate and well-controlled studies in pregnant women using Kyprolis. Kyprolis caused embryo-fetal toxicity in pregnant rabbits at doses that were lower than in patients receiving the recommended dose. Females of reproductive potential should be advised to avoid becoming pregnant while being treated with Kyprolis. If this drug is used during pregnancy, or if the patient becomes pregnant while taking this drug, the patient should be apprised of the potential hazard to the fetus.

ADVERSE REACTIONS
The most common adverse events occurring in at least 20% of patients treated with Kyprolis in monotherapy trials: anemia, fatigue, thrombocytopenia, nausea, pyrexia, decreased platelets, dyspnea, diarrhea, decreased lymphocyte, headache, decreased hemoglobin, cough, edema peripheral. The most common adverse events occurring in at least 20% of patients treated with Kyprolis in the combination therapy trial: decreased lymphocytes, decreased absolute neutrophil count, decreased phosphorus, anemia, neutropenia, decreased total white blood cell count, decreased platelets, diarrhea, fatigue, thrombocytopenia, pyrexia, muscle spasm, cough, upper respiratory tract infection, decreased hemoglobin, hypokalemia.

USE IN SPECIFIC POPULATIONS
Patients on dialysis: Administer Kyprolis after the dialysis procedure.

POST-MARKETING EXPERIENCE
The following adverse reactions were reported in the post-marketing experience: dehydration, thrombotic thrombocytopenic purpura/hemolytic uremic syndrome (TTP/HUS), tumor lysis syndrome including fatal outcomes, and posterior reversible encephalopathy syndrome (PRES). Because these reactions are reported voluntarily from a population of uncertain size, it is not always possible to reliably estimate their frequency or establish a causal relationship to drug exposure.

Full prescribing information is available at www.kyprolis.com.

About BLINCYTO® (blinatumomab)

BLINCYTO® (blinatumomab) is the first bispecific CD19-directed CD3 T cell engager (BiTE®) antibody construct product, and the first single-agent immunotherapy to be approved by the U.S. Food and Drug Administration (FDA) for the treatment of patients with Philadelphia chromosome-negative (Ph-) relapsed or refractory B-cell precursor ALL, a rare and rapidly progressing cancer of the blood and bone marrow. [1, 2] Prior to approval, BLINCYTO was granted breakthrough therapy and priority review designations by the FDA. BLINCYTO has a **BOXED WARNING** in its product label regarding Cytokine Release Syndrome (CRS) and Neurological Toxicities. (Please see Important Safety Information below).

About BiTE® Technology

Bispecific T cell engager (BiTE®) antibody constructs are a type of immunotherapy being investigated for fighting cancer by helping the body's immune system to detect and target malignant cells. The modified antibodies are designed to engage two different targets simultaneously, thereby juxtaposing T cells (a type of white blood cell capable of killing other cells perceived as threats) to cancer cells. BiTE® antibody constructs help place the T cells within reach of the targeted cell, with the intent of allowing T cells to inject toxins and trigger the cancer cell to die (apoptosis). BiTE® antibody constructs are currently being investigated for their potential to treat a wide variety of cancers. For more information, visit www.biteantibodies.com.

Important U.S. Product Information

BLINCYTO® is indicated for the treatment of Philadelphia chromosome-negative relapsed or refractory B-cell precursor acute lymphoblastic leukemia (ALL).

This indication is approved under accelerated approval. Continued approval for this indication may be contingent upon verification of clinical benefit in subsequent trials.

IMPORTANT SAFETY INFORMATION

WARNING: CYTOKINE RELEASE SYNDROME and NEUROLOGICAL TOXICITIES

Cytokine Release Syndrome (CRS), which may be life-threatening or fatal, occurred in patients receiving BLINCYTO®**. Interrupt or discontinue BLINCYTO® as recommended.**

Neurological toxicities, which may be severe, life-threatening or fatal, occurred in patients receiving BLINCYTO®**. Interrupt or discontinue BLINCYTO® as recommended.**

Contraindications

BLINCYTO® is contraindicated in patients with a known hypersensitivity to blinatumomab or to any component of the product formulation.

Warnings and Precautions

Cytokine Release Syndrome (CRS): Life-threatening or fatal CRS occurred in patients receiving BLINCYTO®. Infusion reactions have occurred and may be clinically indistinguishable from manifestations of CRS. Closely monitor patients for signs and symptoms of serious events such as pyrexia, headache, nausea, asthenia, hypotension, increased alanine aminotransferase (ALT), increased aspartate aminotransferase (AST), increased total bilirubin (TBILI), disseminated intravascular coagulation (DIC), capillary leak syndrome (CLS), and hemophagocytic lymphohistiocytosis/macrophage activation syndrome (HLH/MAS). Interrupt or discontinue BLINCYTO® as outlined in the Prescribing Information (PI).

Neurological Toxicities: Approximately 50% of patients receiving BLINCYTO® in clinical trials experienced neurological toxicities. Severe, life-threatening, or fatal neurological toxicities occurred in approximately 15% of patients, including encephalopathy, convulsions, speech disorders,

disturbances in consciousness, confusion and disorientation, and coordination and balance disorders. The median time to onset of any neurological toxicity was 7 days. Monitor patients for signs or symptoms and interrupt or discontinue BLINCYTO® as outlined in the PI.

Infections: Approximately 25% of patients receiving BLINCYTO® experienced serious infections, some of which were life-threatening or fatal. Administer prophylactic antibiotics and employ surveillance testing as appropriate during treatment. Monitor patients for signs or symptoms of infection and treat appropriately, including interruption or discontinuation of BLINCYTO® as needed.

Tumor Lysis Syndrome (TLS): Life-threatening or fatal TLS has been observed. Preventive measures, including pretreatment nontoxic cytoreduction and on treatment hydration, should be used during BLINCYTO® treatment. Monitor patients for signs and symptoms of TLS and interrupt or discontinue BLINCYTO® as needed to manage these events.

Neutropenia and Febrile Neutropenia, including life-threatening cases, have been observed. Monitor appropriate laboratory parameters during BLINCYTO® infusion and interrupt BLINCYTO® if prolonged neutropenia occurs.

Effects on Ability to Drive and Use Machines: Due to the possibility of neurological events, including seizures, patients receiving BLINCYTO® are at risk for loss of consciousness, and should be advised against driving and engaging in hazardous occupations or activities such as operating heavy or potentially dangerous machinery while BLINCYTO® is being administered.

Elevated Liver Enzymes: Transient elevations in liver enzymes are associated with BLINCYTO® treatment. The majority of these events were observed in the setting of CRS. The median time to onset was 15 days. Grade 3 or greater elevations in liver enzymes occurred in 6% of patients outside the setting of CRS and resulted in treatment discontinuation in less than 1% of patients. Monitor ALT, AST, gamma-glutamyl transferase (GGT), and TBILI prior to the start of and during BLINCYTO® treatment. BLINCYTO® treatment should be interrupted if transaminases rise to > 5 times the upper limit of normal (ULN) or if TBILI rises to > 3 times ULN.

Leukoencephalopathy: Although the clinical significance is unknown, cranial magnetic resonance imaging (MRI) changes showing leukoencephalopathy have been observed in patients receiving BLINCYTO®, especially in patients previously treated with cranial irradiation and anti-leukemic chemotherapy.

Preparation and administration errors have occurred. Follow instructions for preparation (including admixing) and administration in the PI strictly to minimize medication errors (including underdose and overdose).

Adverse Events

The most commonly reported adverse reactions (≥ 20%) in clinical trials were pyrexia (62%), headache (36%), peripheral edema (26%), febrile neutropenia (26%), nausea (25%), hypokalemia (23%), rash (21%), tremor (20%) and constipation (20%).

Serious adverse reactions were reported in 65% of patients. The most common serious adverse reactions (≥ 2%) included febrile neutropenia, pyrexia, pneumonia, sepsis, neutropenia, device-related infection, tremor, encephalopathy, infection, overdose, confusion, *Staphylococcal* bacteremia, and headache.

Dosage and Administration Guidelines

BLINCYTO® is administered as a continuous intravenous infusion at a constant flow rate using an infusion pump which should be programmable, lockable, non-elastomeric, and have an alarm.

It is very important that the instructions for preparation (including admixing) and administration provided in the full Prescribing Information are strictly followed to minimize medication errors (including underdose and overdose).

Please see full Prescribing Information and medication guide for BLINCYTO® at www.BLINCYTO.com.

1.2.

1.3. About AMG 330

1.4. AMG 330 is a novel CD33/CD3 BiTE antibody developed to recruit T-cells to recognize and kill CD33 expressing acute myeloid leukemia (AML) target cells.

1.5.

1.6. About Amgen

Amgen is committed to unlocking the potential of biology for patients suffering from serious illnesses by discovering, developing, manufacturing and delivering innovative human therapeutics. This approach begins by using tools like advanced human genetics to unravel the complexities of disease and understand the fundamentals of human biology.

Amgen focuses on areas of high unmet medical need and leverages its biologics manufacturing expertise to strive for solutions that improve health outcomes and dramatically improve people's lives. A biotechnology pioneer since 1980, Amgen has grown to be one of the world's leading independent biotechnology companies, has reached millions of patients around the world and is developing a pipeline of medicines with breakaway potential.

For more information, visit www.amgen.com and follow us on www.twitter.com/amgen.

Amgen Forward-Looking Statements

This news release contains forward-looking statements that are based on the current expectations and beliefs of Amgen Inc. and its subsidiaries (Amgen) and are subject to a number of risks, uncertainties and

assumptions that could cause actual results to differ materially from those described. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected legal, arbitration, political, regulatory or clinical results or practices, customer and prescriber patterns or practices, reimbursement activities and outcomes and other such estimates and results. Forward-looking statements involve significant risks and uncertainties, including those discussed below and more fully described in the Securities and Exchange Commission (SEC) reports filed by Amgen Inc., including Amgen Inc.'s most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and Form 8-K. Please refer to Amgen Inc.'s most recent Forms 10-K, 10-Q and 8-K for additional information on the uncertainties and risk factors related to Amgen's business. Unless otherwise noted, Amgen is providing this information as of [Sept. XX, 2015], and expressly disclaims any duty to update information contained in this news release.

No forward-looking statement can be guaranteed and actual results may differ materially from those Amgen projects. Discovery or identification of new product candidates or development of new indications for existing products cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate or development of a new indication for an existing product will be successful and become a commercial product. Further, preclinical results do not guarantee safe and effective performance of product candidates in humans. The complexity of the human body cannot be perfectly, or sometimes, even adequately modeled by computer or cell culture systems or animal models. The length of time that it takes for Amgen and its partners to complete clinical trials and obtain regulatory approval for product marketing has in the past varied and Amgen expects similar variability in the future. Amgen develops product candidates internally and through licensing collaborations, partnerships and joint ventures. Product candidates that are derived from relationships may be subject to disputes between the parties or may prove to be not as effective or as safe as Amgen may have believed at the time of entering into such relationship. Also, Amgen or others could identify safety, side effects or manufacturing problems with Amgen's products after they are on the market. Amgen's business may be impacted by government investigations, litigation and product liability claims. If Amgen fails to meet the compliance obligations in the corporate integrity agreement between Amgen and the U.S. government, Amgen could become subject to significant sanctions. Amgen depends on third parties for a significant portion of its manufacturing capacity for the supply of certain of its current and future products and limits on supply may constrain sales of certain of its current products and product candidate development.

In addition, sales of Amgen's products are affected by the reimbursement policies imposed by third-party payers, including governments, private insurance plans and managed care providers and may be affected by regulatory, clinical and guideline developments and domestic and international trends toward managed care and healthcare cost containment as well as U.S. legislation affecting pharmaceutical pricing and reimbursement. Government and others' regulations and reimbursement policies may affect the development, usage and pricing of Amgen's products. In addition, Amgen competes with other companies with respect to some of its marketed products as well as for the discovery and development of new products. Amgen believes that some of its newer products, product candidates or new indications for existing products, may face competition when and as they are approved and marketed. Amgen's products may compete against products that have lower prices, established reimbursement, superior performance, are easier to administer, or that are otherwise competitive with its products. In addition, while Amgen and its partners routinely obtain patents for their products and technology, the protection of Amgen's products offered by patents and patent applications may be challenged, invalidated or circumvented by its competitors and there can be no guarantee of Amgen's or its partners' ability to obtain or maintain patent protection for Amgen's products or product candidates. Amgen cannot guarantee that it will be able to produce commercially successful products or maintain the commercial success of its existing products. Amgen's stock price may be affected by actual or perceived market opportunity, competitive position and success or failure of its products or product candidates. Further, the discovery of

significant problems with a product similar to one of Amgen's products that implicate an entire class of products could have a material adverse effect on sales of the affected products and on Amgen's business and results of operations. Amgen's efforts to integrate the operations of companies it has acquired may not be successful. Amgen may experience difficulties, delays or unexpected costs and not achieve anticipated cost savings from its ongoing restructuring plan. Amgen's business performance could affect or limit the ability of Amgen's Board of Directors to declare a dividend or their ability to pay a dividend or repurchase Amgen common stock.

The scientific information discussed in this news release related to Amgen's product candidates is preliminary and investigative. Such product candidates are not approved by the U.S. Food and Drug Administration (FDA), and no conclusions can or should be drawn regarding the safety or effectiveness of the product candidates.

Xencor Forward-Looking Statements

Statements contained in this press release regarding matters that are not historical facts are forward-looking statements within the meaning of applicable securities laws, including the quotation from Xencor's officers and any expectations relating to its business, research and development programs, including the XmAb bispecific antibody technology, partnering efforts or its capital requirements. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements and the timing of events to be materially different from those implied by such statements, and therefore these statements should not be read as guarantees of future performance or results. Such risks include, without limitation, the risks associated with the process of discovering, developing, manufacturing and commercializing drugs that are safe and effective for use as human therapeutics and other risks described in Xencor's public securities filings. All forward-looking
statements are based on Xencor's current information and belief as well as assumptions made by Xencor. Readers are cautioned not to place undue reliance on such statements and Xencor disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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References

1 Mayo Clinic. "Acute lymphocytic leukemia." Available at: http://www.mayoclinic.org/diseases-conditions/acute-lymphocytic-leukemia/basics/definition/con-20042915 Accessed on July 15, 2015.

2 BLINCYTO® US Prescribing Information.

Title: Insider Trading Policy

POLICY:

It is the policy of Xencor, Inc. ("Company") that directors, officers and other employees and consultants (and any persons to whom they disclose such information) shall not Trade (defined below) securities of the Company or another publicly-traded company with which the Company has business dealings (a "Third Party") when in the possession of Material Nonpublic Information (defined below) about the Company or such Third Party. This Insider Trading Policy ("Policy") is designed to prevent insider trading and the appearance of impropriety, satisfy the Company's obligation to reasonably supervise the activities of Company employees and help Company employees avoid the severe consequences of violating insider trading laws, including civil liability, criminal penalties and disciplinary action by the Company up to and including termination. The Company has designated its General Counsel and Chief Financial Officer as responsible for enforcing this Policy. Please contact the General Counsel or Chief Financial Officer if you have any questions regarding this Policy or the procedures described below.

GENERAL ADMINISTRATION:

I. Persons Covered

This Policy applies to all directors, officers and other employees and consultants of the Company and its subsidiaries. It also applies to their family members who reside with them, anyone else who lives in their households and any family members who do not live in their households but whose transactions in Company or Third Party securities are directed by, or subject to, the influence or control of a director, officer, or other employee or consultant of the Company.

During the course of your employment or service with the Company, you may receive "Material Nonpublic Information," which is information that a reasonable investor would consider important in making an investment decision that has not been disclosed to the public in a press release or filing with the Securities and Exchange Commission ("SEC"). Because of your access to this information, you may be in a position to profit financially by buying or selling or in some other way dealing in securities of the Company or a Third Party, or to disclose such information to a third party who does so (known as a "Tippee").

It is illegal for anyone to use Material Nonpublic Information to gain personal benefit, or to pass on, or "tip," the information to someone who does so. There is no *de minimis* exception to this rule. In other words, use of Material Nonpublic Information to gain personal benefit and tipping are as illegal with respect to a few shares of stock as they are with respect to a large number of shares. You can be held liable both for your own transactions and for transactions effected by a

Tippee, or even a Tippee of a Tippee. Furthermore, it is important that the appearance as well as the act of insider trading in securities be avoided.

II. Material Nonpublic Information

It is sometimes difficult to determine whether you possess Material Nonpublic Information. The key to determining whether nonpublic information you possess about a publicly-traded company is Material Nonpublic Information is whether dissemination of the information would be likely to affect the market price of that company's stock or would be likely to be considered important by an investor that is considering Trading in that company's stock. Both positive and negative information can be material. If you possess Material Nonpublic Information about a publicly-traded company, you must refrain from Trading in securities of that company, advising anyone else to do so or communicating the information to anyone else until you know that the information has been disseminated to the public. "Trading" includes any (i) purchase or sale in the open market of securities; (ii) loan, pledge, or other transfer of beneficial ownership of securities; and (iii) short sales, transactions in put or call options, hedging transactions and other inherently speculative securities transactions.

Although this is by no means an exhaustive list, information about the following items may be considered to be Material Nonpublic Information until it is publicly disseminated:

A. Clinical, research or regulatory developments;

B. Strategic plans, financial results or forecasts;

C. Establishment of, or developments in, strategic partnerships, joint ventures or similar collaborations or acquisitions of additional products or technologies;

D. Communications with government agencies;

E. Potential mergers, acquisitions, tender offers or the sale of assets;

F. Notice of issuance of patents or the acquisition of other material intellectual property rights;

G. Significant industry changes, developments or technological innovations;

H. New major contracts, orders, suppliers, customers, or finance sources, or the loss thereof;

I. Significant changes or developments in supplies or pricing changes;

J. Events regarding securities (*e.g.*, defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits, public or private equity/debt offerings, or changes in dividend policies or amounts);

K. Significant changes in control, senior management or board membership;

L. Bankruptcies or receiverships;

M. Actual or threatened major litigation or a major development in or the resolution of such litigation; and

N. Change in auditors or a notification of non-reliance on an auditor's report.

III. Prohibition On Speculative Trading

A. Short Sales. Short sales of Company securities (i.e., the sale of a Company security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. Moreover, Section 16(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") prohibits directors and certain officers (as defined in Rule 16a-1(f) of the Exchange Act "Section 16 Officers") from engaging in short sales. For these reasons, short sales of Company securities are prohibited by this Policy.

B. Options. Given the relatively short term of options, transactions in options may create the appearance of trading on Material Nonpublic Information and focus the trader's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities of the Company are prohibited by this Policy.

C. Hedging Transactions. Hedging and monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Hedging and monetization transactions may permit ownership of Company securities without the full risks and rewards of ownership, and the interests of employees and the interests of the Company and its shareholders may be misaligned, which may signal a message to the market that may not be in the best interests of the Company and its shareholders. Accordingly, this Policy prohibits engaging in any such transactions with Company securities.

D. Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin or foreclosure sale may occur at a time when the pledger is aware of Material Nonpublic Information or otherwise is not permitted

to trade in Company securities, this Policy prohibits ownership of Company securities in a margin account or otherwise pledging Company securities as collateral for a loan.

IV. Insiders

Any person who possesses Material Nonpublic Information is considered an insider as to that information. Insiders of the Company include its directors, officers, employees, independent contractors, and those persons in a special relationship with the Company, e.g., its auditors, consultants or attorneys. The definition of insider is transaction specific; that is, an individual is an insider with respect to each material, nonpublic item of which he or she is aware.

A. WINDOW PERIOD POLICY

The Company has designated its officers, directors and certain other employees specifically identified on Attachment A as "Insiders Subject to Window Periods." These individuals may Trade Company securities only during the "Window Period," which commences on the first business day following general public release of the Company's annual or quarterly revenues through the last day of the quarter (or if such day is not a business day, then the immediately preceding business day). This Window Period may close early or may not open if, in the judgment of the Company's General Counsel or Chief Financial Officer, there exists undisclosed information that would make Trades by insiders inappropriate. Insiders Subject to Window Periods that believe special circumstances require them to Trade outside the Window Period should consult with the Company's General Counsel and/or Company's Chief Financial Officer. Permission to Trade outside the Window Period will be granted only where the circumstances are extenuating and the insider does not possess Material Nonpublic Information.

The Company may impose additional restrictions or blackout periods on Trading in Company or Third Party securities to prevent insider trading or the appearance of impropriety.

1. Exceptions to Window Period.

a. **ESPP/Option Exercises/Pro-Rata Distributions.** Officers and other employees of the Company who are eligible to do so may purchase stock under the Company's Employee Stock Purchase Plan (the "ESPP") on designated dates in accordance with the terms of the ESPP without being subject to the restrictions in this Policy. Directors, officers and other employees similarly may exercise options granted under the Company's equity incentive plans without being subject to the restrictions in this Policy. However, the subsequent sale of the stock acquired upon the exercise of such options or pursuant to the ESPP is subject to all provisions of this Policy. In addition, any pro-rata distribution by a stockholder that is an entity, that is not a change in beneficial ownership, is not subject to this Policy.

b. **10b5-1 Plans.** Rule 10b5-1 of the Exchange Act provides a defense from insider trading liability. To be eligible for this defense, an employee may enter into a written plan that meets the requirements of Rule 10b5-1 (a "10b5-1 Plan"), provided that the plan is formed in accordance with Company policies and is approved by the Company's General Counsel or Chief Financial Officer. A 10b5-1 Plan must be adopted, modified, or terminated at a time when there is no undisclosed Material Nonpublic Information. A 10b5-1 Plan must specify the amount, pricing, and timing of Trades in advance or delegate discretion on these matters to an independent third party. Once a 10b5-1 Plan is adopted, an employee must not exercise any influence over the amount of securities to be Traded, the price at which they are to be Traded or the date of the Trade. After Company directors or officers have adopted a 10b5-1 Plan, the later of ninety (90) days or the second (2nd) business day following disclosure of the Company's financial results for the fiscal quarter in which the plan was adopted must precede the first Trade executed under such plan. For persons other than Company directors and officers who adopt a 10b5-1 Plan, a minimum of thirty (30) days must precede the first Trade executed under such plan. Company directors and officers must include a representation in their Rule 10b5-1 Plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 Plan must act in good faith with respect to that plan. A person may not enter into overlapping Rule 10b5-1 Plans (subject to certain exceptions) and may only enter into one single-trade Rule 10b5-1 Plan during any 12-month period (subject to certain exceptions). If a 10b5-1 Plan is terminated, no new 10b5-1 Plan may be adopted within three months of such termination. Any changes to the amount, price or timing of Trades under an existing 10b5-1 Plan constitute the termination of such plan and the adoption of a new 10b5-1 Plan. An employee must promptly notify the Company's General Counsel or Chief Financial Officer of any amendments to, or the termination of, a 10b5-1 Plan.

A. PRE-CLEARANCE OR ADVANCE NOTICE OF TRANSACTIONS.

In addition to complying with Window Periods, certain individuals are prohibited from Trading Company securities without first obtaining pre-clearance of the transaction from or providing advance notice to, as applicable, the Company's General Counsel or Chief Financial Officer or their designee (each, a "Pre-Clearance Approver") in advance of the proposed transaction.

1. **Pre-Clearance.** Those individuals specified on Attachment B-1 to this Policy (and such other employees as the General Counsel or the Chief Financial Officer may designate from time to time) are subject to the following pre-clearance restrictions prior to engaging in a proposed Trade in Company securities:

    a. **Pre-Clearance Request.** The insider must request pre-clearance approval for the proposed Trade(s) using the Pre-Clearance Request Form attached as Attachment C to this Policy.

    b. **Timing of Pre-Clearance.** If practical, the Pre-Clearance Request Form should be submitted to the Pre-Clearance Approver at least two (2) business days prior to the date of the intended Trade date.

    c. **Pre-Clearance Approver Discretion.** The existence of this approval process does not obligate the Pre-Clearance Approver to approve any particular Trade requested by an insider. From time to time, an event may occur that is material to the Company and is known by only a few directors or executives. So long as the event remains material and nonpublic, the Pre-Clearance Approver may decide not to approve any Trades in Company securities. If an insider requests clearance to Trade in Company securities during the pendency of such an event, the Pre-Clearance Approver may reject the Trading request without disclosing the reason.

    d. **Timing of Trade.** Insiders are never required to proceed with Trades, but if the insider wishes to proceed with the Trade after receiving written clearance to engage in a Trade by the Pre-Clearance Approver, the insider must complete the proposed Trade within five (5) business days of the intended date disclosed on the Pre-Clearance Request Form or submit a new Trading request. The Company may, at its discretion, shorten such period of time.

    e. **Cleared Transactions.** A stock purchase in accordance with the terms of the ESPP, an exercise of options, a pro-rata distribution by a stockholder that is an entity that does not effect a change in beneficial ownership, and a Trade conducted in accordance with an approved 10b5-1 Plan are deemed cleared.

2. **Advance Notice.** Those individuals specified on Attachment B-2 to this Policy (and such other employees as the General Counsel or the Chief Financial Officer may designate from time to time) are subject to the following advance

notice requirements prior to engaging in a proposed Trade in Company securities:

a. **Pre-Trade Notice.** The insider must notify the Pre-Clearance Approver of the nature of the proposed Trade(s) using the Pre-Trade Notice Form attached as Attachment D to this Policy.

b. **Timing of Advance Notice.** If practical, the Pre-Trade Notice Form should be submitted to the Pre-Clearance Approver at least two (2) business days prior to the date of the intended Trade date.

c. **Restrictions.** From time to time, an event may occur that is material to the Company and is known by only a few directors or executives. So long as the event remains material and nonpublic, the Pre-Clearance Approver may decide to alert the insider not to proceed with the proposed Trade outlined in the Pre-Trade Notice Form, without disclosing the reason.

d. **Timing of Trade.** Insiders are never required to proceed with Trades, but if the insider wishes to proceed with the Trade after submitting the Pre-Trade Notice Form, the insider must complete the proposed Trade within five (5) business days of the intended date disclosed in the Pre-Trade Notice Form or submit a new form.

e. **Noticed Transactions.** A stock purchase in accordance with the terms of the ESPP, an exercise of options, a pro-rata distribution by a stockholder that is an entity that does not effect a change in beneficial ownership, and a Trade conducted in accordance with an approved 10b5-1 Plan are deemed noticed.

B. INFLUENCE BY INSIDERS.

Insiders should ensure that any entities or members of one's household or family, whose Trading activities they control or influence, comply with this Policy.

C. RULE 144/SHORT-SWING TRADING/SECTION 16 REPORTS.

Officers and directors of the Company must take care not to violate the restrictions on sales by control persons of Rule 144 of the Securities Act of 1933, as amended. Officers and directors of the Company subject to the reporting obligations under Section 16 of the Exchange Act must take care not to violate the prohibition on short-swing trading (Section 16(b) of the Exchange Act) and must file with the SEC all appropriate reports under Section 16(a) of the Exchange Act (Forms 3, 4 and 5). Upon the completion of any Trade in Company securities, officers and directors of the Company must immediately notify the appropriate person(s) as set forth in the

Company's Section 16 Compliance Policy, so that the Company may assist the individual in complying with his or her reporting obligations under Section 16 of the Exchange Act, if applicable.

V. Application

Any securities transaction that becomes subject to scrutiny will be analyzed after-the-fact with the benefit of hindsight. Before engaging in any transaction, you should carefully consider how the authorities and others might view the transaction looking backwards in time. Even the appearance of an improper transaction should be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Anyone who effects transactions in securities of the Company or a Third Party (or provides information to enable others to do so) on the basis of Material Nonpublic Information is subject to both civil liability and criminal penalties, including imprisonment, fines and disgorgement, as well as disciplinary action by the Company, up to and including termination for cause.

This Policy will continue to apply to your transactions in the securities of the Company or a Third Party even after your employment or service with the Company has terminated. If you are in possession of Material Nonpublic Information when your employment or service terminates, you may not Trade in the securities of the Company or such Third Party until the information has become public or is no longer material.

A director, officer, other employee or consultant who has questions about these matters should speak with his or her own attorney or to the Company's General Counsel or Chief Financial Officer.

Any director, officer, other employee or consultant of the Company who knows of or suspects a violation of this Policy should report the violation immediately to the Company's General Counsel, Chief Financial Officer or through the procedures for anonymous reporting through the Company's Compliance Hotline. The Company will comply with all requests from the SEC, any securities exchange or over-the-counter trading system upon which Company securities are listed and/or traded, and other agencies for information related to insider trading investigations.

VI. Acknowledgment

Upon first receiving a copy of this Policy, generally at commencement of employment at the Company, each recipient must sign the attached acknowledgement and agree to comply with the terms of this Policy. Recipients may be required to re-acknowledge this Policy at the Company's discretion.

End of Document

Policy Approval

Title: Insider Trading Policy			
Document Number:	**CORP-LEG-003**	**Originating Dept:**	**Legal**
Revision Number:	**6**	**Effective:**	**December 21, 2023**

Approvals:

/s/ Bassil Dahiyat Signature	**Bassil Dahiyat** Printed Name	**President and Chief Executive Officer** Title	**12/28/2023** Date
/s/ Celia Eckert Signature	**Celia Eckert** Printed Name	**Senior Vice President, General Counsel and Corporate Secretary** Title	**12/28/2023** Date

ACKNOWLEDGEMENT

My below signature certifies that:

I have read, understand, and agree to comply with Xencor, Inc.'s Insider Trading Policy for as long as it applies to me.

Signature: __

Print Name: __

Date: __

ATTACHMENT A

INSIDERS SUBJECT TO WINDOW PERIODS

All members of the Board of Directors

All Executive Officers

All Vice Presidents

All Associate Directors, Directors, Senior Directors and Executive Directors

All members of the Finance, Legal, Business Development and Investor Relations Departments

ATTACHMENT B-1

INSIDERS SUBJECT TO PRE-CLEARANCE RESTRICTIONS

All members of the Board of Directors

All Section 16 Officers

All of the CEO's direct reports

ATTACHMENT B-2

INSIDERS SUBJECT TO ADVANCE NOTICE REQUIREMENTS

All Officers who are not Section 16 Officers

All Vice Presidents

All Associate Directors, Directors, Senior Directors and Executive Directors

Those members of the Finance, Legal, Business Development and Investor Relations Departments not listed on Attachment B-1

ATTACHMENT C

PRE-CLEARANCE REQUEST FORM

This is to advise you that I intend to execute a transaction in Xencor, Inc. (the "Company") securities on or about _____ and hereby request pre-clearance approval for the transaction.

The general nature of the transaction is as follows:

Public Sale. I intend to publicly sell shares of Company stock (whether obtained through the Company's Employee Stock Purchase Plan or otherwise).

Option Exercise and Sale. In connection with an option exercise, I intend to sell shares of Company stock (whether to cover the exercise price of some or all of the options or the related tax liability or otherwise).

Transfer. I intend to transfer shares of Company stock to another person (a family member or otherwise) without receiving consideration.

Other. (Please explain)

_____

I have read and understand the Insider Trading Policy ("Policy") and certify that the above proposed transaction will not violate the Policy.

I certify that I am not in possession of any Material Nonpublic Information (as defined in the Policy) about the Company and will not enter into this proposed transaction if I come into possession of Material Nonpublic Information about the Company between the date hereof and the proposed execution date, or if I do not receive approval from the Pre-Clearance Approver (as defined in the Policy).

I agree to advise the Company promptly if, as a result of future developments, any of the foregoing information becomes inaccurate or incomplete in any respect. I understand that the Company may require additional information about the transaction and agree to provide such information upon request.

Signed: __ *Date:* __

Print Name: __

Approved By: __ *Date:* __

Transaction order must be placed prior to: __

ATTACHMENT D

PRE-TRADE NOTICE FORM

This is to advise you that I intend to execute a transaction in Xencor, Inc. (the "Company") securities on or about _____.

The general nature of the transaction is as follows:

Public Sale. I intend to publicly sell shares of Company stock (whether obtained through the Company's Employee Stock Purchase Plan or otherwise).

Option Exercise and Sale. In connection with an option exercise, I intend to sell shares of Company stock (whether to cover the exercise price of some or all of the options or the related tax liability or otherwise).

Transfer. I intend to transfer shares of Company stock to another person (a family member or otherwise) without receiving consideration.

Other. (Please explain)

_____

I have read and understand the Insider Trading Policy ("Policy") and certify that the above proposed transaction will not violate the Policy.

I certify that I am not in possession of any Material Nonpublic Information (as defined in the Policy) about the Company and will not enter into this proposed transaction if I come into possession of Material Nonpublic Information about the Company between the date hereof and the proposed execution date, or if the Pre-Clearance Approver (as defined in the Policy) advises me not to proceed with the transaction pursuant to Section IV.B.2.c of the Policy.

I agree to advise the Company promptly if, as a result of future developments, any of the foregoing information becomes inaccurate or incomplete in any respect. I understand that the Company may require additional information about the transaction and agree to provide such information upon request.

Signed: __ *Date:* __

Print Name: __

Exhibit 21.1

XENCOR, INC.

The following is the subsidiary of the Company as of December 31, 2024:

SUBSIDIARY (Name under which subsidiary does business)	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
Gale Therapeutics Inc.	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Nos. 333-192635, 333-216365, 333-236607, 333-266498 and 333-272695) on Form S-8 and the Registration Statement (No. 333-270030) on Form S-3 of our reports dated February 26, 2025 relating to the consolidated financial statements of Xencor, Inc. (the Company) and the effectiveness of internal control over financial reporting (on which our report expresses an adverse opinion on the effectiveness of the Company's internal control over financial statement reporting because of material weaknesses), appearing in this Annual Report on Form 10-K of Xencor, Inc. for the year ended December 31, 2024.

/s/ RSM US LLP

Los Angeles, CA
February 26, 2025

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Bassil I. Dahiyat, Ph.D., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2024 of Xencor, 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(s) 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 15(d) – 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(s) 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/ BASSIL I. DAHIYAT

Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer (Principal Executive Officer)

Date: February 26, 2025

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Bart Jan Cornelissen, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2024 of Xencor, 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(s) 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 15(d) – 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(s) 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/ Bart Jan Cornelissen

Bart Jan Cornelissen
Chief Financial Officer (Principal Financial Officer)

Date: February 26, 2025

Exhibit 32.1

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Annual Report on Form 10-K of Xencor, Inc. (the "Company") for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bassil I. Dahiyat, Ph.D., as President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) 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 Company.

Date: February 26, 2025

/s/ Bassil I. Dahiyat

Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer

Exhibit 32.2

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Annual Report on Form 10-K of Xencor, Inc. (the "Company") for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bart Jan Cornelissen, as Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) 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 Company.

Date: February 26, 2025

/s/ Bart Jan Cornelissen
Bart Jan Cornelissen
Chief Financial Officer